UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☒ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

☐ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended _____ Commission File Number _____

Acreage Holdings, Inc.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada	**2833**	**98-1463868**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

366 Madison Avenue, 11th Floor
New York, New York 10017
United States
(646) 600-9181
(Address and telephone number of Registrant's principal executive offices)

Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor
New York, New York 10017
United States
(646) 600-9181
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act: None

Title of each class	Name of each exchange on which registered
N/A	**N/A**

Securities registered pursuant to Section 12(g) of the Act: **Subordinate Voting Shares, no par value**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

☐ Annual information form ☐ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **N/A**

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

EXPLANATORY NOTE

Acreage Holdings, Inc. (the "Company", the "Registrant") is a Canadian issuer eligible to file its registration statement pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on Form 40-F pursuant to the multi-jurisdictional disclosure system of the Exchange Act. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3.

FORWARD LOOKING STATEMENTS

The Exhibits incorporated by reference into this Registration Statement of the Registrant contain forward-looking statements. All statements, other than statements of historical fact, incorporated by reference are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. The Registrant's forward-looking statements contained in the Exhibits incorporated by reference into this Registration Statement are made as of the respective dates set forth in such Exhibits and on assumptions the Registrant believed are reasonable as of such date. These assumptions include, but are not limited to: market acceptance and approvals. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Registrant to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting the Registrant; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labor or loss of key individuals. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Registrant's disclosure documents, such as the Registrant's Filing Statement filed on November 14, 2018, on the SEDAR website at www.sedar.com, attached hereto as Exhibit 99.40. Although the Registrant has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in the Exhibits incorporated by reference are expressly qualified by this cautionary statement. The forward-looking information contained in the Exhibits incorporated by reference represents the expectations of the Registrant as of the date of such Exhibit and, accordingly, is subject to change after such date. However, the Registrant expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant prepares its financial statements, which are filed with this report on Form 40-F in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the audit is subject to Canadian auditing and auditor independence standards.

PRINCIPAL DOCUMENTS

In accordance with General Instruction B.(1) of Form 40-F, the Registrant hereby incorporates by reference Exhibits 99.1 through 99.70, inclusive, as set forth in the Exhibit Index attached hereto.

In accordance with General Instruction D.(9) of Form 40-F, the Registrant has filed the written consents of the independent accountants named in the foregoing Exhibits as Exhibits 99.71 to 99.74, as set forth in the Exhibit Index attached hereto.

TAX MATTERS

Purchasing, holding, or disposing of securities of the Registrant may have tax consequences under the laws of the United States and Canada that are not described in this registration statement on Form 40-F.

DESCRIPTION OF COMMON SHARES

The required disclosure is included under the heading "Description of the Securities" in the Registrant's Filing Statement, attached hereto as Exhibit 99.40.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant has no off-balance sheet arrangements.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Registration Statement on Form 40-F are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on August 31, 2018, based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = Cdn$1.3055.

CONTRACTUAL OBLIGATIONS

As of August 31, 2018, the Registrant was a shell company and the following table lists, as of August 31, 2018, information with respect to the Registrant's known contractual obligations in Canadian dollars.

		Payments due by period			
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-Term Debt Obligations	$304,348	-	$304,348[1]	-	-
Capital (Finance) Lease Obligations	-	-	-	-	-
Operating Lease Obligations	-	-	-	-	-
Purchase Obligations	-	-	-	-	-
Other Long-Term Liabilities Reflected on the Company's Balance Sheet under the GAAP of the primary financial statements	-	-	-	-	-
Total	**$304,348**	**$0**	**$304,348**	**$0**	**$0**

[1] Represents convertible Subordinate Voting Debentures

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to Form 40-F or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Registrant has concurrently filed a Form F-X in connection with the class of securities to which this Registration Statement relates.

Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

ACREAGE HOLDINGS, INC.

By: */s/ Glen Leibowitz*
Name: Glen Leibowitz
Title: Chief Financial Officer

Date: January 29, 2019

EXHIBIT INDEX

The following documents are being filed with the Commission as Exhibits to this Registration Statement:

Exhibit	Description
99.1	Consolidated Financial Statements of Applied Inventions Management Corp. for the fiscal years ended August 31, 2018 and 2017
99.2	Management Discussion and Analysis of Financial Conditions and Results of Operations of Applied Inventions Management Corp. for the fiscal years ended August 31, 2018 and 2017
99.3	Certification of Annual Filings Venture Issuer Basic Certificate by CEO dated October 22, 2018
99.4	Certification of Annual Filings Venture Issuer Basic Certificate by Acting CFO dated October 22, 2018
99.5	News Release dated October 27, 2017
99.6	Consolidated Financial Statements of Applied Inventions Management Corp. for the fiscal years ended August 31, 2017 and 2016
99.7	Management Discussion and Analysis of Financial Conditions and Results of Operations of Applied Inventions Management Corp. for the fiscal years ended August 31, 2017 and 2016
99.8	Certification of Annual Filings Venture Issuer Basic Certificate by CEO dated December 4, 2017
99.9	Certification of Annual Filings Venture Issuer Basic Certificate by Acting CFO dated December 4, 2017
99.10	Unaudited Interim Consolidated Financial Statements of Applied Inventions Management Corp. for the three month period ended November 30, 2017
99.11	Management Discussion and Analysis of Financial Conditions and Results of Operations of Applied Inventions Management Corp. for the three month periods ended November 30, 2017 and 2016
99.12	Certification of Unaudited Interim Filings Venture Issuer Basic Certificate by CEO dated January 29, 2018
99.13	Certification of Unaudited Interim Filings Venture Issuer Basic Certificate by Acting CFO dated January 29, 2018
99.14	Unaudited Interim Consolidated Financial Statements of Applied Inventions Management Corp. for the six month period ended February 28, 2018
99.15	Management Discussion and Analysis of Financial Conditions and Results of Operations of Applied Inventions Management Corp. for the six month periods ended February 28, 2018 and 2017
99.16	Certification of Unaudited Interim Filings Venture Issuer Basic Certificate by CEO dated April 24, 2018
99.17	Certification of Unaudited Interim Filings Venture Issuer Basic Certificate by Acting CFO dated April 24, 2018
99.18	News Release dated May 28, 2018
99.19	Unaudited Interim Consolidated Financial Statements of Applied Inventions Management Corp. for the nine month period ended May 31, 2018
99.20	Management Discussion and Analysis of Financial Conditions and Results of Operations of Applied Inventions Management Corp. for the nine month periods ended May 31, 2018 and 2017
99.21	Certification of Unaudited Interim Filings Venture Issuer Basic Certificate by CEO dated July 24, 2018
99.22	Certification of Unaudited Interim Filings Venture Issuer Basic Certificate by Acting CFO dated July 24, 2018
99.23	Notice of Meeting and Record Date dated July 31, 2018
99.24	Notice of Meeting and Record Date dated September 19, 2018
99.25	News Release dated September 21, 2018
99.26	Material Change Report dated October 1, 2018
99.27	Lock-Up Agreement dated September 21, 2018
99.28	Business Combination Agreement dated September 21, 2018
99.29	Certification of Proxy-Related Materials dated September 21, 2018
99.30	Notice of Annual General and Special Meeting of Shareholders dated October 5, 2018
99.31	Management Information Circular dated October 5, 2018
99.32	Amendment to Management Information Circular
99.33	Form of Proxy for Annual and Special Meeting
99.34	News Release dated October 16, 2018
99.35	Certification of Dissemination of Proxy-Related Materials to Shareholders dated October 16, 2018
99.36	Certificate of Continuation dated November 9, 2018
99.37	Notice of Articles dated November 9, 2018
99.38	News Release dated November 13, 2018
99.39	News Release dated November 14, 2018
99.40	Filing Statement dated November 14, 2018
99.41	Coattail Agreement dated November 14, 2018
99.42	Third Amended and Restated Limited Liability Company Agreement dated November 14, 2018
99.43	Tax Receivable Agreement dated November 14, 2018
99.44	Support Agreement dated November 14, 2018
99.45	Support Agreement dated November 14, 2018
99.46	Notice of Change in Corporate Structure dated November 14, 2018
99.47	Material Change Report dated November 20, 2018
99.48	News Release dated November 26, 2018
99.49	Condensed Unaudited Interim Consolidated Financial Statements of RTO Acquirer for the three and nine month periods ended September 30, 2018 and 2017
99.50	Management Discussion and Analysis of Financial Conditions and Results of Operations of High Street Capital Partners, LLC d/b/a Acreage Holdings for the three and nine month periods ended September 30, 2018 and 2017
99.51	News Release dated November 29, 2018
99.52	News Release dated December 6, 2018
99.53	Agreement and Plan of Merger dated December 5, 2018
99.54	Material Change Report dated December 16, 2018
99.55	News Release dated December 20, 2018
99.56	Letter from Odyssey Trust Company to Canadian Securities Exchange dated November 12, 2018
99.57	CDS Confirmation dated November 13, 2018
99.58	Form 1A Application Letter dated November 14, 2018
99.59	Form 2B Listing Summary dated November 14, 2018
99.60	Form 4 Listing Agreement dated November 14, 2018
99.61	Form 6 Certificate of Compliance dated November 14, 2018
99.62	Form 11 Notice of Proposed Stock Option Grant or Amendment dated November 23, 2018
99.63	Form 9 Notice of Issuance of Securities dated November 23, 2018

99.64	Form 6 Certificate of Compliance dated November 27, 2018
99.65	Form 9 Notice of Proposed Issuance of Listed Securities dated December 6, 2018
99.66	Form 7 Monthly Progress Report dated December 6, 2018
99.67	Form 6 Certificate of Compliance dated December 6, 2018
99.68	Form 9 Notice of Issuance of Securities dated December 19, 2018
99.69	Form 6 Certificate of Compliance dated January 17, 2019
99.70	Form 9 Notice of Issuance of Securities dated January 17, 2019
99.71	Consent of RSM Canada LLP
99.72	Consent of Macias Gini & O'Connell LLP
99.73	Consent of Sheehan & Company, C.P.A, P.C.
99.74	Consent of Davidson & Company LLP

Exhibit 99.1

Applied Inventions Management Corp.

Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the Years Ended August 31, 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Applied Inventions Management Corp.

We have audited the accompanying consolidated financial statements of Applied Inventions Management Corp. and its subsidiaries, which comprise the consolidated balance sheets as at August 31, 2018 and August 31, 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended August 31, 2018 and August 31,2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Applied Inventions Management Corp. as at August 31, 2018 and August 31, 2017, and its financial performance and its cash flows for the years ended August 31, 2018 and August 31, 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes material uncertainties that may cast significant doubt about Applied Inventions Management Corp.'s ability to continue as a going concern.

Chartered Professional Accountants
Licensed Public Accountants
October 22, 2018, except Note 14, which is as of January 29, 2019
Toronto, Ontario

Applied Inventions Management Corp.
Consolidated Balance Sheets
(Expressed in Canadian Dollars)
As at August 31

		2018		2017
Assets				
Current				
Cash	**$**	**799**	$	599
Accounts receivable		**28,243**		–
	$	**29,042**	$	599
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 3)	**$**	**106,142**	$	94,693
Shareholder advances (Note 4)		**147,244**		89,056
Subordinate voting debenture (Note 5)		–		331,875
		253,386		515,624
Subordinate voting debenture (Note 5)		**304,348**		–
		557,734		515,624
Shareholders' Deficiency				
Capital stock (Note 6)		**2,520,946**		2,520,946
Contributed surplus		**806,381**		749,685
Warrant capital (Note 5 and 8)		**46,323**		46,323
Equity component of convertible debentures (Note)		**14,429**		68,108
Deficit		**(3,916,771)**		(3,900,087)
		(528,692)		(515,025)
	$	**29,042**	$	599

***Nature of Business and Going* Concern** *(Note 1)*

Subsequent Event *(Note 13)*

Approved by the Board **"Michael Stein"** Director **(Signed)** **" Gabriel Nachman"** Director **(Signed)**

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Years Ended August 31

		2018		2017
Expenses				
Accretion expense	**$**	**21,616**	$	71,972
Bank charges		**131**		215
Interest on debenture and shareholder advances (Notes 4, 5 and 10)		**48,801**		63,639
Gain on extinguishment of Subordinate voting debenture (Note 5)		**(120,631)**		–
Professional fees		**106,963**		51,554
Professional fees and expense recovery		**(43,213)**		–
Stock based compensation		**3,017**		–
Net Loss and comprehensive loss for the year	**$**	**16,684**	$	187,380
Loss per share				
Basic and diluted	**$**	**0.002**	$	0.058
Weighted average number of common shares outstanding				
Basic and diluted		**8,228,034**		3,216,607

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
Years Ended August 31,2018 and 2017

	Capltal Stock (Note 6)	Contributed Surplus	Warrant Capital	Equity Component of Convertible Debentures	Deficit	Total
Balance, September 1, 2016	**$ 2,192,923**	**$ 731,785**	**$ –**	**$ 128,048**	**$ (3,712,707)**	**$ (659,951)**
Net Loss and comprehensive loss	–	–	–	–	(187,380)	(187,380)
Settlement of debt with shareholder	–	17,900	–	–	–	17,900
Conversion of multiple voting debentures (Note 5)	**328,023**	–	46,323	(59,940)	–	314,406
Balance, August 31, 2017	**$ 2,520,946**	**$ 749,685**	**$ 46,323**	**$ 68,108**	**$ (3,900,087)**	**$ (515,025)**
Net Loss and comprehensive loss	–	–	–	–	**(16,684)**	**(16,684)**
Stock based compensation	–	**3,017**	–	–	–	**3,017**
Extinguishment of Subordinate voting debenture (Note 5)	–	**53,679**	–	**(53,679)**	–	–
Balance, August 31, 2018	**$ 2,520,946**	**$ 806,381**	**$ 46,323**	**$ 14,429**	**$ (3,916,771)**	**$ (528,692)**

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Years Ended August 31

		2018		2017
Cash provided by (used in)				
Operations				
Net loss and comprehensive loss	**$**	**(16,684)**	$	(187,380)
Items not affecting cash				
Interest accrued on debentures and shareholder advances		**48,801**		63,639
Shareholder payment of professional fees		**44,768**		10,494
Accretion expense		**21,616**		71,972
Gain on extinguishment of debenture		**(120,631)**		–
Stock based compensation		**3,017**		–
		(19,113)		(41,275)
Net changes in non-cash working capital				
Accounts receivable		**(28,243)**		–
Accounts payable and accrued liabilities		**46,356**		37,048
		(1,000)		(4,227)
Financing				
Shareholder advances		**1,200**		4,100
Net change In cash		**200**		(127)
Cash, beginning of year		**599**		726
Cash, end of year	**$**	**799**	$	599

See accompanying notes

1. NATURE OF BUSINESS AND GOING CONCERN

Applied Inventions Management Corp. (the "Company"), is incorporated under the laws of the Province of Ontario. The Company has no assets other than a minimal amount of cash. The Company carries on the business of identification and evaluation of assets or businesses with a view to completing a potential transaction.

The registered office of the Company is located at 1 Adelaide Street East Suite 801 Toronto, Ontario M5C 2V9.

While these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that may cast significant doubt on the Company's ability to continue as a going concern.

During the year ended August 31, 2018, the Company did not earn revenue, incurred a loss of $16,684 (2017 - $187,380) and, as of that date, the Company had an accumulated deficit of $3,916,771 (2017 - $3,900,087), a working capital deficiency of $224,344 (2017 - $515,025) and negative cash flows from operations of $1,000 (2017 - $4,227). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from related parties (Notes 4, 5 and 10) and the Company's ability to raise additional funds through the issuance of shares or debt.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS and their interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ending August 31, 2018 were approved and authorized for issue by the Board of Directors on October 22, 2018, except Note 14, which is as of January 29, 2019.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Applied Inventions Management Corporation U.S.A. and Tour Technologies. The two subsidiaries are inactive.

Functional and Presentation Currency

These consolidated financial statements have been presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

Financial Instruments

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate and multiple voting debentures. Classification of these financial instruments is as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Shareholder advances	Other financial liabilities
Subordinate and multiple voting debentures	Other financial liabilities

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fairvalue hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the consolidated balance sheet consist of cash.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Compound Financial Instruments

Compound financial instruments include subordinate and multiple voting convertible debentures, which are comprised of two components, the debt component and the conversion feature, which is considered equity. The debt component of the instrument is initially recognized at fair value, with the residual being allocated to the conversion feature, classified as equity. Transaction costs are allocated between the debt component and the conversion feature on a pro rata basis.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Upon conversion of the subordinate voting and multiple voting convertible debenture the value of the equity component is reallocated to Class "A" and Class "B" shares. Upon expiry or extinguishment of the conversion feature or repayment of the debenture, the equity component is reallocated to contributed surplus.

Debt Modification

From time to time, the Company pursues amendments to its credit agreements based on prevailing market conditions. Such amendments, when completed, are considered by the Company to be debt modifications or extinguishments. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are considered to be substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability and amortized over the remaining term of the liability. If the modification is substantially different then the transaction is accounted for as an extinguishment of the old debt instrument with a gain/loss to the carrying amount of the liability being recorded in the consolidated statements of operations immediately. Also, the transaction costs related to the debt extinguishment are recorded in the profit and loss accounts.

Loss Per Share

The Company presents basic and diluted loss per share data for its shares, calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of shares. If the number of shares outstanding increases or decreases as a result of share split or consolidation, the calculation of basic and diluted loss per share for all periods presented, is adjusted retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not record that excess.

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The significant estimates made by management in the preparation of these consolidated financial statements is the inputs used in the valuation of the warrants related to the units attached to the multiple voting debentures during the year. The significant judgments made by management in the preparation of these consolidated financial statements are fair value of the liability component related to the subordinate voting debenture and multiple voting debenture and the assumption that the Company will continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent Accounting Pronouncements

The International Accounting Standards Board ("IASB") issued a number of new and revised standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after September 1, 2018. Many are not applicable or do not have a significant impact on the Company and so have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9, Financial Instruments was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is required for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

IFRS 16, Leases, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2018		2017
Trade payables	**$**	**32,273**	$	24,051
Debenture interest		**26,029**		45,995
Accrued liabilities:				
Legal		**37,515**		14,647
Audit and accounting		**10,325**		10,000
	$	**106,142**	$	94,693

4. SHAREHOLDER ADVANCES

Shareholder advances, principal plus accrued interest, include advances made by the current controlling shareholder who is also a director and officer of the Company since September 1, 2009. The advances bear interest at the rate of 10% per annum calculated monthly, are secured by a general security agreement and are due on demand.

5. DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645, 154 of indebtedness owing to the controlling shareholder, who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343, 154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principal amounts outstanding are due on April 27, 2018, the maturity date.

The secured subordinate voting debenture and the multiple voting debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68, 108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260, Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants (Note 8).

5. DEBENTURES (Cont'd)

On May 28, 2018 Subordinate Voting Debenture date was extended to October 27, 2020, on the same terms and conditions. The extension represents an extinguishment of the debenture. As such the new debt instrument was recorded at fair value on the amendment date.

	Original Subordinate Voting Debenture	Amended Subordinate Voting Debenture
Principal value of debentures issued	$ 343,154	$ 414,642
Gain on settlement of debenture	–	(120,631)
Equity component from original	–	68,108
Equity component	(68,108)	(14,429)
Loss on equity component	–	(531679)
Liability component at date of issue	275,046	294,011
Accretion	56,829	–
Liability component at August 31, 2017	**331,875**	–
Accretion	**11,279**	**10,337**
Settlement of debenture	**(343,154)**	–
Liability component at August 31, 2018	**$ –**	**$ 304,348**

The fair value of the debt component upon amendment was $294,012, based on a market rate of borrowing of 25.79%. This resulted in a gain on extinguishment of $120,631. The fair value of the equity component upon amendment was $14,429 based on the Black Scholes option pricing model with the following assumptions: Share price $0.01, dividend yield 0%, expected volatility (based on comparables) 100%, a risk tree interest rate of 1% and an expected life of 2 years.

6. CAPITAL STOCK

a) Authorized:

unlimited	Class "A" subordinate voting convertible shares, convertible into an equal number of Class "B" shares at the option of the holder upon an offer to purchase all or substantially all of the Class "B" shares of the Company;
unlimited	Class "B" multiple voting (20 votes per share) convertible shares, convertible into an equal number of Class "A" shares at the option of the holder;
unlimited	Class "C" preference shares, non-voting, redeemable at the option of the holder, convertible into an equal number of Class "A" shares at the option of the holder.

b) Issued and outstanding:

	Number of Class "A" Shares	Amount	Number of Class "B" Shares	Amount
Balance, August 31, 2016	388,435	$ 1,106,187	1,139,339	$ 1,086,736
Issuance of Class "B" shares (Note 5)	–	–	6,700,260	328,023
Balance, August 31, 2017 and 2018	**388,435**	**$ 1,106,187**	**7,839,599**	**$ 1,414,759**

7. STOCK OPTION PLAN

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "A" Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class "A" shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021.

On October 27, 2017, the Company granted 600,000 options to its directors. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on October 27, 2022.

See Note 13.

7. STOCK OPTION PLAN (Cont'd)

The following summarizes the stock options outstanding for the year ended August 31, 2018:

	2018		2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**150,000**	**$ 0.05**	150,000	$ 0.05
Issued	**600,000**	**$ 0.05**	–	$ Nil
Ending balance	**750,000**	**$ 0.05**	150,000	$ 0.05
Exercisable	**750,000**	**$ 0.05**	150,000	$ 0.05

The Company had the following options issued at August 31, 2018:

Number of Options	**Exercisable**		**Exercise Price**	**Weighted Average Time to Maturity**
150,000	150,000	$	0.05	2.66 years
600,000	600,000	$	0.05	4.16 years
750 000	**750,000**			

The fair value of the options granted during the year ended August 31, 2018 was $3,017, estimated at the time of the grant using the Black-Scholes option pricing model with the following weighted average inputs and assumptions:

	2016
Exercise price	**$ 0.05**
Expected volatility	**100%**
Risk-free interest rate	**1.00%**
Expected life	**5.0 Years**
Estimated share price	**$ 0.01**

The expected volatility and estimated share price of the options is based on comparable companies in the industry.

8. WARRANT CAPITAL

The following summarizes the warrants issued during the year ended August 31, 2018:

	2018		2017	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Beginning balance	**6,700,260**	**$ 0.06**	—	$ Nil
Issued (Note 5)	**—**	**$ Nil**	6,700,260	$ 0.06
Ending balance	**6,700,260**	**$ 0.06**	6,700,260	$ 0.06

The Company had the following warrants issued at August 31, 2018:

Number of Warrants	**Exercise Price**	**Weighted Average Time to Maturity**
6,700,260	$ 0.06	0.75 years

See Note 13.

9. INCOME TAXES

Provision for Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.50% (2017 - 26.50%) to the net loss and comprehensive loss for the period. The reason for the difference is as follows:

		2018	2017
Loss before income taxes	**$**	**(16,684)**	$ (187,380)
Statutory rate		**26.50%**	26.50%
Expected income tax recovery	**$**	**(4,421)**	$ (49,656)
Increase (decrease) resulting from:			
Non-deductible stock based compensation		**800**	–
Non-deductible accretion expense		**5,728**	–
Non-taxable gain on debt extinguishment		**(31,967)**	–
Change in deferred tax assets not recognized		**29.860**	49,656
Income tax exeense	**$**	**–**	$ –

9. INCOME TAXES (Cont'd)

The Company's deferred income tax assets are estimated as follows:

		2018		2017
Deferred income tax assets				
Non-capital losses	**$**	**195,570**	$	165,734
Less: Deferred tax assets not recognized		**(195,570)**		(165,734)
Net deferred income tax asset	**$**	**–**	$	–

Losses Carried Forward

As at August 31, 2018, the Company has non-capital losses for income tax purposes of approximately $738,000 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2026	$	6,000
2028		5,000
2030		1,000
2031		56,000
2032		55,000
2033		39,000
2034		62,000
2035		57,000
2036		157,000
2037		187,000
2038		113,000
	$	**738,000**

1O. RELATED PARTY TRANSACTIONS

(a) The interest expense of $48,801 (2017 - $63,639) is for the current controlling shareholder who is also a director and officer of the Company. Interest expense of $12,220 (2017 - $6,674) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $36,581 (2017 - $56,965) is interest accrued on the outstanding subordinate and multiple voting debentures.

(b) As at August 31, 2018 the Company has shareholder loans due to the current controlling shareholder who is also an officer and director of the Company, consisting of a $147,244 (2017 - $89,056) advance bearing interest at 10% per annum, secured by a general security agreement.

(c) On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE (Note 5).

10. RELATED PARTY TRANSACTIONS (Cont'd)

(d) On May 30, 2017 WFE a company controlled by the controlling shareholder of the Company converted a secured multiple voting debenture into 6,700,260, Multiple Voting Units, at $0.05 per Unit comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants totaling $374,346, of which $46,323 was allocated to the share purchase warrants.

The conversion was accounted for as the elimination of the multiple voting debenture liability with a transfer of the recorded liability and the equity component of the debenture to capital stock.

(e) Included in accounts payable and accrued liabilities is $6,030 (2017 - $16,030) related to expense reimbursement (2017 - consulting fees) owed to an officer, director and current controlling shareholder.

(f) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him, or a company controlled by the controlling shareholder. This amount was recorded as a direct increase in contributed surplus.

11. CAPITAL RISK MANAGEMENT

The Company considers capital stock, contributed surplus and deficit to represent capital. As at August 31, 2018 and 2017, the Company has a shareholders' deficiency and management's objective is to maintain its ability to continue as a going concern (Note 1).

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the years ended August 31, 2018 and 2017.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. The Company's financial instruments comprised of cash, accounts payable and accrued liabilities, shareholder advances and subordinate and multiple voting debentures, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks. The Company is not exposed to significant interest risk as the interest rates on the shareholder advances and subordinate voting debenture are fixed.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS (Cont'd)

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2018, the Company has current liabilities of $253,386 (2017 - $515,624) and no significant assets other than a cash balance of $799 (2017 - $599) and accounts receivable of $28,243 (2017 - $NIL). As a result, the Company is dependent on obtaining additional financing to meet its current obligations. The Company's accounts payable outstanding for over 90 days amount to $NIL (2017 - $19,224).

13. SUBSEQUENT EVENTS

Subsequent to the year end:

(a) Directors of the Company exercised their stock options and purchased 750,000 Class “A” Subordinate voting shares at $0.05 per share.

(b) WFE Investments Corp. exercised 2,300,000 Class "A” Subordinate Voting shares at $0.06 per warrant and the balance of 4,400,260 Class “A” share purchase warrants were cancelled.

(c) The controlling shareholder converted $115,000 of the secured Class "A" Subordinate Voting Convertible debenture into 2,300,000 Class “A” Subordinate Voting Units. Each Unit is comprised of one Class "A” Subordinate Voting Share and one Class "A" Subordinate Voting Share purchase warrant exercisable at $0.06 per warrant for up to 2 years from date of conversion. The balance of $299,642 and accrued interest has been forgiven and the 2,300,000 Class "A" Subordinate Voting Share purchase warrants have been cancelled.

14. COMBINATION AGREEMENT

On September 21, 2018, the Company and High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("Acreage Holdings") entered into a definitive business combination agreement (the "Combination Agreement") pursuant to which Acreage Holdings will complete a reverse take-over of the Company (the "Proposed Transaction") and the securityholders of Acreage Holdings will hold substantially all of the outstanding securities of the Company following the Proposed Transaction (the "Resulting Issuer").

Pursuant to the Combination Agreement, the Company will continue from the Province of Ontario into the Province of British Columbia and will: (i) subdivide its existing Class "B" multiple voting shares (the “Class “B” Multiple Voting Shares”) on the basis of one and one-half (1.5) Class “B” Multiple Voting Shares for each Class “B” Multiple Voting Share issued and outstanding immediately prior thereto; (ii) consolidate its issued and outstanding Class "A" subordinate voting shares ("Applied Class "A" Subordinate Voting Shares) such that Acreage Holdings units are ultimately exchanged on a 1:1 basis for Resulting Issuer subordinated voting shares pursuant to the Proposed Transaction (the “Consolidation"); (iii) approve the adoption of Articles under the Business Corporations Act (British Columbia) which will effect the amendment of the Company's existing Articles; (iv) change its name to Acreage Holdings Inc.; (v) approve a new equity compensation plan; and (vi) change its financial year end to December 31.

The Proposed Transaction is expected to close in November of 2018 and is subject to the conditions set out in the Combination Agreement, including obtaining the requisite approval of Acreage Holdings and the Company's shareholders.

An application has been made to list the Resulting Issuer's subordinate voting shares on the Canadian Securities Exchange (the "Exchange") upon completion of the Proposed Transaction. The listing will be subject to satisfying all of the Exchange's initial listing requirements.

On November 14, 2018, the Proposed Transaction was completed.

Exhibit 99.2

APPLIED INVENTIONS MANAGEMENT CORP.

Management Discussion and Analysis of Financial Conditions and Results of

Operations for the fiscal years ended August 31, 2018 & 2017

This Management Discussion and Analysis (M. D. & A.) should be read in conjunction with Applied Inventions Management Corp.'s (the "Company") consolidated annual audited financial statements and the accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canada. All monetary amounts are expressed in Canadian dollars. Additional information regarding the Company is available on the SEDAR website at www.sedar.com

FORWARD - LOOKING INFORMATION

The M. D. & A. and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

DATE OF M. D. & A.

This M. D. & A. was prepared on October 22, 2018.

GENERAL OVERVIEW

A cease trade order ("CTO") was imposed on the Company by the Ontario Securities Commission on February 20, 2001for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three month period ended November 30, 2000. These consolidated financial statements were subsequently filed on SEDAR by the Company.

On August 27, 2011 the Ontario Securities Commission issued a Revocation Order of the CTO. The Company is now seeking to complete a transaction that would allow the reinstatement of trading privileges on a recognized stock exchange.

Prior to 2002, the Company manufactured, marketed and distributed the SAVE swimming pool intrusion alarm.

The Company is in the process of reorganizing its affairs.

SELECTED ANNUAL INFORMATION

For the years ended August 31st	2017	2018
Sales	$Nil	$ Nil
Net Loss and Comprehensive Loss	($187,380)	($16,684)
Loss per share	($0.058)	($0.002)
Total Assets	$599	$29,042
Current Liabilities	$515,624	$253,386
Total Long Term Debt	$ Nil	$304,348
Cash Dividends	$ Nil	$ Nil
Deficit	($3,900,087)	($3,916,771)

RESULTS OF OPERATION AND QUARTERLY RESULTS

Applied Inventions Management Corp. has incurred administrative costs,professional fees and consulting fees associated with preparing and filing annual audited consolidated financial statements, unaudited interim consolidated financial statements and all other regulatory filing requirements and has continued to accrue interest on its secured demand Debenture payable and its interest bearing shareholder loan. Professional fees incurred for the year August 31,2018 were $106,963 (August 31, 2017 - $51,554). Interest accrued on the secured demand Debenture and shareholder advances was $48,801(August 31,2017 - $63,639). Bank charges were $131 during the year ended August 31,2018 (August 31,2017 - $215).

	Aug 31 2018 Q4	May 31 2018 Q3	Feb 28 2018 Q2	Nov 30 2017 Ql	Aug 31 2017 Q4	May 31 2017 Q3	Feb 28 2017 Q2	Nov 30 2016 Ql
Total Revenue	$NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL
Gain / (Net Loss) and comprehensive loss	$53,093	($20,406)	($32,184)	($17,187)	($19,039)	($41,246)	($90,622)	($36 473)
Gain / (Net Loss) per Share	$0.006	($0.002)	($0.004)	($0.002)	($0.002)	($0.026)	($0.059)	($0.024)
Weighted average shares outstanding	8,228 034	8,228,034	8,228,034	8,228 034	8 228,034	1,527,774	1,527,774	1,527,774

LIQUIDITY

The Company has been dependent upon one of its shareholders who is an officer and director of the Company, to provide financing for ongoing administrative expenses and for costs of re-organizing the affairs of the Company. The shareholder, who is an officer and director of the Company, has indicated that he will continue to fund costs anticipated to be approximately $15,000 per annum. However, if the shareholder decides not to fund the ongoing costs, the Company will have to attempt to raise monies to fund ongoing operations from an alternative source. There is no assurance that the Company will be able to raise the required monies at competitive rates to continue operations.

As at August 31,2018 the Shareholder advances payable, which is owing to a principal shareholder who is a director and officer of the Company, was $147,244 (August 31,2017- $89,056) including accumulated interest advanced to the Company by the same Shareholder and bears interest at 10% per annum and is secured by a General Security Agreement.

FINANCIAL INSTRUMENTS

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate and multiple voting debentures. Classification of these financial instruments is as follows:

Financial Instrument	**Classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Shareholder advances	Other financial liabilities
Subordinate and multiple voting debentures	Other financial liabilities

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the consolidated balance sheet consist of cash.

FINANCIAL RISK MANAGEMENT- LIQUIDITY RISK

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. It is management's opinion that the Company is not exposed to significant interest and currency risk.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2018 the Company had current liabilities of $253,386 (August 31, 2017 - $515,624) and assets of $29,042 (August 31, 2017 - $599). As a result, the Company has liquidity risk and is dependent on obtaining additional financing to meet its current obligations.

CAPITAL RISK MANAGEMENT

The Company considers capital stock and deficit to represent capital. As at August 31, 2018 and August 31, 2017 the Company has a negative capital balance and management's objective is to maintain its ability to continue as a going concern by identifying sources for additional financing for working capital and to fund the development of a business.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year August 31, 2018 and August 31, 2017.

OFF BALANCE SHEET ACTIVITIES

As at August 31, 2018 and 2017, the Company had no off balance sheet financial commitments and does not anticipate entering into any contracts of such nature.

DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder, who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principal amounts outstanding are due on April 27, 2018,the maturity date.

The secured subordinate voting debenture and the multiple voting debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260, Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants.

On May 28, 2018 Subordinate Voting Debenture date was extended to October 27, 2020, on the same terms and conditions. The extension represents an extinguishment of the debenture. As such the new instrument was recorded at fair market value on the amendment date.

		Original Subordinate Voting Debenture		Amended Subordinate Voting Debenture
Principal value of debentures issued	$	343,154	$	414,642
Gain on settlement of debenture		–		(120,631)
Equity component from original		–		68,108
Equity component		(68,108)		(14,429)
Loss on equity component		–		(53,679)
Liability component at date of issue		275,046		294,011
Accretion		56,829		–
Liability component at August 31, 2017	**$**	**331,875**	**$**	**–**
Accretion		**11,279**		**10,337**
Settlement of debenture		**(343,154)**		**–**
Liability component at August 31, 2018	**$**	**–**	**$**	**304,348**

The fair value of the debt component upon amendment was $294,012, based on a market rate of borrowing of 25.79%. This resulted in a gain on extinguishment of $120,631. The fair value of the equity component

upon amendment was $14,429 based on the Black Scholes option pncmg model with the following assumptions: Share price $0.01,dividend yield 0%, expected volatility (based on comparables) 100%,a risk tree interest rate of 1% and an expected life of 2 years.

RELATED PARTY TRANSACTIONS

Transactions with related parties are listed below and incurred in the normal course of business and are measured at the exchange amount:

(a) The interest expense of $48,801(2017 - $63,639) is for the current controlling shareholder who is also a director and officer of the Company. Interest expense of $12,220 (2017 - $6,674) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $36,581 (2017 - $56,965) is interest accrued on the outstanding subordinate and multiple voting debentures.

(b) As at August 31, 2018 the Company has shareholder loans due to the current controlling shareholder who is also an officer and director of the Company, consisting of a $147,244 (2017 - $89,056) advance bearing interest at 10% per annum,secured by a general security agreement.

(c) On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company,and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE .

(d) On May 30,2017 WFE a company controlled by the controlling shareholder of the Company converted a secured multiple voting debenture into 6,700,260,Multiple Voting Units,at $0.05 per Unit comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants totaling $374,346, of which $46,323 was allocated to the share purchase warrants.

The conversion was accounted for as the elimination of the multiple voting debenture liability with a transfer of the recorded liability and the equity component of the debenture to capital stock.

(e) Included in accounts payable and accrued liabilities is $6,030 (2017 - $16,030) related to expense reimbursement (2017 -consulting fees) owed to an officer, director and current controlling shareholder.

(f) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him,

or a company controlled by the controlling shareholder. This amount was recorded as a direct increase in contributed surplus.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions,based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's asset, liabilities,equity or earnings. There have been no judgments made by management in the application of IFRS that have a significant effect on the financial statements for the year ended August 31,2018 and 2017. Actual results could differ from those estimates.

CONTROLS AND PROCEDURES

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity,are effective in providing reasonable assurances that financial information is recorded, processed,summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

OUTSTANDI NG SHARE DATA

Common Shares

As at August 31, 2018 the Company had 388,435 (August 31, 2017 - 388,435) Class "A" Subordinate Voting Shares and 7,839,599 (August 31,2017 -7,839,599) Class "B" Multiple Voting Shares issued and outstanding.

On May 30, 2017 the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260 Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700.260 Class "A" detachable shares purchase warrants.

Stock Options and share purchase warrants

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "A" Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class "A" shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting,have an exercise price of $0.05 per share and expire on April 29, 2021

On October 27, 2017, the Company granted 600,000 options to its directors. The options were fully vested at the date of granting,have an exercise price of $0.05 per share and expire on October 27, 2022.

On May 30, 2017 6,700,200 Class "A" detachable share purchase warrants were issued. Each warrant shall entitle the holder to acquire one Class "A" subordinate voting share at $0.06 per share until two years from date of issue, which was extended to October 27, 2020 on the same terms and conditions (see Debentures above).

SUBSQUENT EVENTS

Subsequent to the year end:

(a) Directors of the Company exercised their stock options and purchased 750,000 Class "A" Subordinate voting shares at $0.05 per share.
(b) WFE Investments Corp. exercised 2,300,000 Class "A" Subordinate Voting shares at $0.06 per warrant and the balance of 4,400,260 Class "A" share purchase warrants were cancelled.
(c) The controlling shareholder converted $115,000 of the secured Class "A" Subordinate Voting Convertible debenture into 2,300,000 Class "A" Subordinate Voting Units. Each Unit is comprised of one Class "A" Subordinate Voting Share and one Class "A" Subordinate Voting Share purchase warrant exercisable at $0.06 per warrant for up to 2 years from date of conversion. The balance of $299,642 and accrued interest has been forgiven and the 2,300,000 Class "A" Subordinate Voting Share purchase warrants have been cancelled.

COMBINATION AGREEMENT

On September 21, 2018, the Company and HighStreet Capital Partners,LLC (d/b/a Acreage Holdings) ("Acreage Holdings") entered into a definitive business combination agreement (the "Combination Agreement") pursuant to which Acreage Holdings will complete a reverse take-over of the Company (the " Proposed Transaction") and the securityholders of Acreage Holdings will hold substantially all of the outstanding securities of the Company following the Proposed Transaction (the "Resulting Issuer").

Pursuant to the Combination Agreement, the Company will continue from the Province of Ontario into the Province of British Columbia and will: (i) subdivide its existing Class "B" multiple voting shares (the "Class B Multiple Voting Shares") on the basis of one and one-half (1.5) Class "B" Multiple Voting Shares for each Class

"B" Multiple Voting Share issued and outstanding immediately prior thereto; (ii) consolidate its issued and outstanding Class "A" subordinate voting shares ("Applied Class "A" Subordinate Voting Shares") such that Acreage Holdings units are ultimately exchanged on a 1:1 basis for Resulting Issuer subordinated voting shares pursuant to the Proposed Transaction (the "Consolidation"); (iii) approve the adoption of Articles under the Business Corporations Act (British Columbia) which will effect the amendment of the Company's existing Articles; (iv) change its name to Acreage Holdings Inc.;(v) approve a new equity compensation plan;and (vi) change its financial year end to December 31.

The Proposed Transaction is expected to close in November of 2018 and is subject to the conditions set out in the Combination Agreement, including obtaining the requisite approval of Acreage Holdings' and the Company's shareholders.

An application has been made to list the Resulting Issuer's subordinate voting shares on the Canadian Securities Exchange (the "Exchange") upon completion of the Proposed Transaction. The listing will be subject to satisfying all of the Exchange's initial listing requirements.

OFFICERS AND DIRECTORS

As at August 31,2018 the officers and directors of the Company include:

Michael Stein	- President and Director
Gabriel Nachman FCPA, FCA	- Acting CFO, Director and Chair of Audit Committee
Nicholas Hariton	- Director
Barry Polisuk	- Director

ADDITIONAL INFORMATION

Additional information relating to the Company is available:

- On the Internet at the SEDAR website at www.sedar.com or,
- By contacting Michael Stein at 416-816-9690

FORM 52-109FV1
CERTIFICATION OF ANNUAL FILINGS
VENTURE ISSUER BASIC CERTIFICATE

I**, MICHAEL B. STEIN,** the **CHIEF EXECUTIVE OFFICER of APPLIED INVENTIONS MANAGEMENT CORP.,** certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "issuer") for the financial year ended **AUGUST 31, 2018**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

Date: October 22, 2018.

"Michael B. Stein"

Michael B. Stein
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52- 109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Exhibit 99.4

FORM 52-109FV1
CERTIFICATION OF ANNUAL FILINGS
VENTURE ISSUER BASIC CERTIFICATE

I, **GABRIEL NACHMAN,** the **ACTING CHIEF FINANCIAL OFFICER of APPLIED INVENTIONS MANAGEMENT CORP.,** certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "issuer") for the financial year ended **AUGUST 31, 2018**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

Date: October 22, 2018.

"Gabriel Nachman"

Gabriel Nachman
Acting Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52- 109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Exhibit 99.5

Applied Inventions Management Corp.
Announces the Grant of Stock Options

TORONTO, ONTARIO - October 27, 2017 - Applied Inventions Management Corp. ("**AIM**" or the "**Company**") announces that effective October 27, 2017 it has granted an aggregate of 600,000 options (the "**Options**") to certain directors of the Corporation to purchase up to an aggregate of 600,000 Class A subordinate voting shares (the "**Shares**") in the capital of the Company. The Options are exercisable at a price of $0.05 per Share and expire on October 27, 2022.

For further information please contact:

Michael Stein
President
Tel: 416-410-7722

Exhibit 99.6

Applied Inventions Management Corp.

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended August 31, 2017 and 2016

RSM Canada LLP

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Applied Inventions Management Corp.

We have audited the accompanying consolidated financial statements of Applied Inventions Management Corp. and its subsidiaries, which comprise the consolidated balance sheets as at August 31, 2017 and August 31, 2016 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended August 31, 2017 and August 31, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Applied Inventions Management Corp. as at August 31, 2017 and August 31, 2016, and its financial performance and its cash flows for the years ended August 31, 2017 and August 31, 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes material uncertainties that may cast significant doubt about Applied Inventions Management Corp.'s ability to continue as a going concern.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
December 1, 2017
Toronto, Ontario

Applied Inventions Management Corp.
Consolidated Balance Sheets
(Expressed in Canadian Dollars)
As at August 31

		2017		2016
Assets				
Current				
Cash	**$**	**599**	$	726
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 3)	**$**	**94,693**	$	108,105
Shareholder advances (Note 4)		**89,056**		11,276
Subordinate voting debenture (Note 5)		**331,875**		**—**
		515,624		119,381
Subordinate voting debenture (Note 5)		**—**		287,912
Multiple voting debenture (Note 5)		**—**		253,384
		515,624		660,677
Shareholders' Deficiency				
Capital stock (Note 6)		**2,520,946**		2,192,923
Contributed surplus		**749,685**		731,785
Warrant capital (Note 5 and 8)		**46,323**		—
Equity component of convertible debentures (Note 5)		**68,108**		128,048
Deficit		**(3,900,087)**		(3,712,707)
		(515,025)		(659,951)
	$	**599**	$	726

Nature of Business and Going Concern (Note 1)

Subsequent Event (Note 13)

Approved by the Board

"Michael Stein"
Director **(Signed)**

"Gabriel Nachman"
Director **(Signed)**

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Years Ended August 31

		2017		2016
Expenses				
Accretion expense	**$**	**71,972**	$	24,190
Bank charges		**215**		236
Interest on debenture and shareholder advances (Note 5 and 10)		**63,639**		40,589
Professional fees		**51,554**		91,997
Stock based compensation		**—**		745
Net loss and comprehensive loss for the year	**$**	**187,380**	$	157,757
Loss per share				
Basic and diluted	**$**	**0.058**	$	0.103
Weighted average number of common shares outstanding				
Basic and diluted		**3,216,607**		1,527,774

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
Years Ended August 31, 2017 and 2016

	Capital Stock (Note 6)	Contributed Surplus	Warrant capital	Equity Component of Convertible Debentures	Deficit	Total
Balance, September 1, 2015	**$ 2,192,923**	**$ 731,040**	**$ —**	**$ —**	**$ (3,554,950)**	**$ (630,987)**
Net loss and comprehensive loss	**—**	—	—	—	(157,757)	(157,757)
Stock based compensation	**—**	745	—	—	—	745
Equity component of convertible debentures (Note 5)	**—**	—	—	128,048	—	128,048
Balance, August 31, 2016	**$ 2,192,923**	**$ 731,785**	**$ —**	**$ 128,048**	**$ (3,712,707)**	**$ (659,951)**
Net loss and comprehensive loss	**—**	**—**	**—**	**—**	**(187,380)**	**(187,380)**
Settlement of debt with shareholder	**—**	**17,900**	**—**	**—**	**—**	**17,900**
Conversion of multiple voting debentures (Note 5)	**328,023**	**—**	**46,323**	**(59,940)**	**—**	**314,406**
Balance, August 31, 2017	**$ 2,520,946**	**$ 749,685**	**46,323**	**$ 68,108**	**$ (3,900,087)**	**$ (515,025)**

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Years Ended August 31

		2017		2016
Cash provided by (used in)				
Operations				
Net loss and comprehensive loss	**$**	**(187,380)**	$	(157,757)
Items not affecting cash				
Interest accrued on debentures and shareholder advances		**63,639**		40,589
Shareholder payment of professional fees		**10,494**		15,026
Accretion expense		**71,972**		24,190
Stock based compensation		**—**		745
		(41,275)		(77,207)
Net changes in non-cash working capital				
Accounts payable and accrued liabilities		**37,048**		74,259
		(4,227)		(2,948)
Financing				
Shareholder advances		**4,100**		—
Net change in cash		**(127)**		(2,948)
Cash, beginning of year		**726**		3,674
Cash, end of year	**$**	**599**	$	726

See accompanying notes

1. NATURE OF BUSINESS AND GOING CONCERN

Applied Inventions Management Corp. (the "Company"), is incorporated under the laws of the Province of Ontario. The Company has no assets other than a minimal amount of cash. The Company carries on the business of identification and evaluation of assets or businesses with a view to completing a potential transaction.

The registered office of the Company is located at 1 Adelaide Street East Suite 801 Toronto, Ontario M5C 2V9.

While these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that may cast significant doubt on the Company's ability to continue as a going concern.

During the year ended August 31, 2017, the Company did not earn revenue, incurred a loss of $187,380 (2016 - $157,757) and, as of that date, the Company had an accumulated deficit of $3,900,087 (2016 - $3,712,707), a working capital deficiency of $515,025 (2016 - $118,655) and negative cash flows from operations of $4,227 (2016 - $2,948). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from related parties (Notes 4, 5 and 10) and the Company's ability to raise additional funds through the issuance of shares or debt.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS and their interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ending August 31, 2017 were approved and authorized for issue by the Board of Directors on December 1, 2017.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Applied Inventions Management Corporation U.S.A. and Tour Technologies. The two subsidiaries are inactive.

Functional and Presentation Currency

These consolidated financial statements have been presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

Financial Instruments

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate and multiple voting debentures. Classification of these financial instruments is as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Shareholder advances	Other financial liabilities
Subordinate and multiple voting debentures	Other financial liabilities

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the consolidated balance sheet consist of cash.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Compound Financial Instruments

Compound financial instruments include subordinate and multiple voting convertible debentures, which are comprised of two components, the debt component and the conversion feature, which is considered equity. The debt component of the instrument is initially recognized at fair value, with the residual being allocated to the conversion feature, classified as equity. Transaction costs are allocated between the debt component and the conversion feature on a pro rata basis.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on modification. Upon conversion of the subordinate voting and multiple voting convertible debenture the value of the equity component is reallocated to Class A and Class B shares. Upon expiry of the conversion feature or repayment of the debenture, the equity component is reallocated to contributed surplus.

Loss Per Share

The Company presents basic and diluted loss per share data for its shares, calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of shares. If the number of shares outstanding increases or decreases as a result of share split or consolidation, the calculation of basic and diluted loss per share for all periods presented, is adjusted retrospectively.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not record that excess.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The significant estimates made by management in the preparation of these consolidated financial statements is the inputs used in the valuation of the warrants related to the units issued on the conversion of the multiple voting debentures during the year. The significant judgments made by management in the preparation of these consolidated financial statements are fair value of the liability component related to the subordinate voting debenture and multiple voting debenture issued in prior year and the assumption that the Company will continue as a going concern.

Recent Accounting Pronouncements

The International Accounting Standards Board ("IASB") issued a number of new and revised standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after September 1, 2017. Many are not applicable or do not have a significant impact on the Company and so have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 Financial Instruments was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is required for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

IFRS 16, Leases, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade payables	**$ 24,051**	$ 39,163
Debenture interest	**45,995**	22,139
Accrued liabilities:		
Legal	**14,647**	40,303
Audit and accounting	**10,000**	6,500
	$ 94,693	$ 108,105

4. SHAREHOLDER ADVANCES

Shareholder advances, principal plus accrued interest, include advances made by the current controlling shareholder who is also a director and officer of the Company since September 1, 2009. The advances bear interest at the rate of 10% per annum calculated monthly, are secured by a general security agreement and have no specified terms of repayment.

5. DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder, who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of
$302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principal amounts outstanding are due on April 27, 2018, the maturity date.

The secured subordinate voting debenture and the multiple voting debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

5. DEBENTURES (Cont'd)

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260, Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants (Note 8).

	Subordinate Voting Debenture	Multiple Voting Debenture
Principal value of debentures issued	$ 343,154	$ 302,000
Equity component	(68,108)	(59,940)
Liability component at date of issue	275,046	242,060
Accretion	12,866	11,324
Liability component at August 31, 2016	$ 287,912	$ 253,384
Accretion	43,963	28,009
Conversion	—	(281,393)
Liability component at August 31, 2017	**$ 331,875**	**$ —**

6. CAPITAL STOCK

a) Authorized:

unlimited	Class "A" subordinate voting convertible shares, convertible into an equal number of Class B shares at the option of the holder upon an offer to purchase all or substantially all of the Class B shares of the Company;
unlimited	Class "B" multiple voting (20 votes per share) convertible shares, convertible into an equal number of Class A shares at the option of the holder;
unlimited	Class "C" preference shares, non-voting, redeemable at the option of the holder, convertible into an equal number of Class A shares at the option of the holder.

b) Issued and outstanding:

	Number of Class A Shares		Amount	Number of Class B Shares		Amount
Balance, August 31, 2015 and 2016	388,435	$	1,106,187	1,139,339	$	1,086,736
Issuance of Class B shares (Note 5)	—		—	6,700,260		328,023
Balance, August 31, 2017	**388,435**	**$**	**1,106,187**	**7,839,599**	**$**	**1,414,759**

7. STOCK OPTION PLAN

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "A" Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class ”A” shares were granted pursuant to the Company’s stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021.

The following summarizes the stock options outstanding for the year ended August 31, 2017:

	2017			2016		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Beginning balance	**150,000**	**$**	**0.05**	—	$	Nil
Issued	**—**	**$**	**Nil**	150,000	$	0.05
Ending balance	**150,000**	**$**	**0.05**	150,000	$	0.05
Exercisable	**150,000**	**$**	**0.05**	150,000	$	0.05

7. STOCK OPTION PLAN (Cont'd)

The Company had the following options issued at August 31, 2017:

Number of Options	Exercisable	Exercise Price	Weighted Average Time to Maturity
150,000	150,000	$ 0.05	3.66 years
150,000	**150,000**		

The fair value of the options granted during the year ended August 31, 2016 was $745, estimated at the time of the grant using the Black-Scholes option pricing model with the following weighted average inputs and assumptions:

		2016
Exercise price	**$**	**0.05**
Expected volatility		**100%**
Risk-free interest rate		**0.87%**
Expected life		**5.0 years**
Estimated share price	**$**	**0.01**

The expected volatility and estimated share price of the options is based on comparable companies in the industry.

8. WARRANT CAPITAL

The following summarizes the warrants issued during the year ended August 31, 2017:

	2017		2016	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**—**	**$ Nil**	—	$ Nil
Issued (Note 5)	**6,700,260**	**$ 0.06**	—	$ Nil
Ending balance	**6,700,260**	**$ 0.06**	—	$ Nil

8. WARRANT CAPITAL (Cont'd)

The Company had the following warrants issued at August 31, 2017:

Number of Warrants	Exercise Price	Weighted Average Time to Maturity
6,700,260	$ 0.06	1.75 years

9. INCOME TAXES

Provision for Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.50% (2016 - 26.50%) to the net loss and comprehensive loss for the period. The reason for the difference is as follows:

		2017		2016
Loss before income taxes	**$**	**(187,380)**	$	(157,757)
Statutory rate		**26.50%**		26.50%
Expected income tax recovery	**$**	**(49,656)**	$	(41,806)
Increase (decrease) resulting from:				
Non-deductible expenses		**—**		198
Change in deferred tax assets not recognized		**49,656**		41,608
Income tax expense	**$**	**—**	$	—

The Company's deferred income tax assets are estimated as follows:

		2017		2016
Deferred income tax assets				
Non-capital losses	**$**	**165,734**	$	116,078
Less: Deferred tax assets not recognized		**(165,734)**		(116,078)
Net deferred income tax asset	**$**	**—**	$	—

9. INCOME TAXES (Cont'd)

Losses Carried Forward

As at August 31, 2017, the Company has non-capital losses for income tax purposes of approximately $625,000 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2026	$	6,000
2028		5,000
2030		1,000
2031		56,000
2032		55,000
2033		39,000
2034		62,000
2035		57,000
2036		157,000
2037		187,000
	$	**625,000**

10. RELATED PARTY TRANSACTIONS

(a) The interest expense of $63,639 (2016 - $40,589) is due to the current controlling shareholder who is also a director and officer of the Company. Interest expense of $6,674 (2016 - $300) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $56,965 (2016 - $22,139) is interest accrued on the outstanding subordinate and multiple voting debentures.

(b) As at August 31, 2017 the Company has shareholder loans due to the current controlling shareholder who is also an officer and director of the Company, consisting of a $89,056 (2016 - $11,276) advance bearing interest at 10% per annum, secured by a general security agreement.

(c) On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE (Note 5).

(d) On May 30, 2017 WFE a company controlled by the controlling shareholder of the Company converted a secured multiple voting debenture into 6,700,260, Multiple Voting Units, at $0.05 per Unit comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants totaling $374,346, of which $46,323 was allocated to the share purchase warrants.

The conversion was accounted for as the elimination of the multiple voting debenture liability with a transfer of the recorded liability and the equity component of the debenture to capital stock.

10. RELATED PARTY TRANSACTIONS (Cont'd)

(e) Included in accounts payable and accrued liabilities is $16,030 (2016 - $24,200) related to consulting fees owed to an officer, director and current controlling shareholder.

(f) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him, or a Company controlled by the controlling shareholder. This amount was recorded as a direct increase in contributed surplus.

11. CAPITAL RISK MANAGEMENT

The Company considers capital stock, contributed surplus and deficit to represent capital. As at August 31, 2017 and 2016, the Company has a shareholders' deficiency and management's objective is to maintain its ability to continue as a going concern (Note 1).

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the years ended August 31, 2017 and 2016.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. The Company's financial instruments comprised of cash, accounts payable and accrued liabilities, shareholder advances and subordinate and multiple voting debentures, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks. The Company is not exposed to significant interest risk as the interest rates on the shareholder advances and subordinate voting debenture are fixed.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2017, the Company has current liabilities of $515,624 (2016 - $119,381) and no significant assets other than a cash balance of $599 (2016 - $726). As a result, the Company is dependent on obtaining additional financing to meet its current obligations. The Company's accounts payable outstanding for over 90 days amount to $19,224 (2016 - $21,512).

13. SUBSEQUENT EVENT

a) On September 29, 2017, the Company entered into an exclusivity agreement (the "Exclusivity Agreement") to complete a business combination with a third party (the "Target"), resulting in a reverse takeover of the Company (the "Proposed Transaction"). During the exclusivity period which expires on December 31, 2017, the parties have agreed to negotiate a binding agreement to complete the Proposed Transaction. As part of the Exclusivity Agreement the Target has agreed to pay certain expenses of the Company during the exclusivity period. There is no guarantee that the parties will be able to negotiate a mutually acceptable binding agreement or successfully complete the Proposed Transaction.

b) On October 27, 2017, the Company granted 600,000 options to its directors with an exercise price of $0.05 and an expiry date of October 27, 2022.

APPLIED INVENTIONS MANAGEMENT CORP.

Management Discussion and Analysis of Financial Conditions and Results of Operations for the fiscal years ended Augusts 31, 2017 & 2016

This Management Discussion and Analysis (M. D. & A.) should be read in conjunction with Applied Inventions Management Corp.'s (the "Company") consolidated annual audited financial statements and the accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canada. All monetary amounts are expressed in Canadian dollars. Additional information regarding the Company is available on the SEDAR website at www.sedar.com

FORWARD - LOOKING INFORMATION

The M. D. & A. and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

DATE OF M. D. & A.

This M. D. & A. was prepared on December 1, 2017.

GENERAL OVERVIEW

A cease trade order ("CTO") was imposed on the Company by the Ontario Securities Commission on February 20, 2001 for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three month period ended November 30, 2000. These consolidated financial statements were subsequently filed on Sedar by the Company.

On August 27, 2011 the Ontario Securities Commission issued a Revocation Order of the CTO. The Company is now seeking to complete a transaction that would allow the reinstatement of trading privileges on a recognized stock exchange.

Prior to 2002, the Company manufactured, marketed and distributed the SAVE swimming pool intrusion alarm.

The Company is in the process of reorganizing its affairs.

TERMINATED LETTER OF INTENT

On May 12, 2016, the Company signed a letter of intent proposing to acquire all of the issued and outstanding shares of World Defense Holdings WDH Ltd. ("WDH"), a Montreal, Canada based company providing program based defense services in South America, the Middle East and to certain U.S. allied countries to combat terrorism and ensure global security. In consideration for the WDH shares, it was proposed that the principle shareholder of WDH would receive an aggregate of 4,000,000 Units of the Company at a deemed price of $0.25 per Unit. Each Unit would consist of one Class “A” subordinate voting share of the Company and one share purchase warrant exercisable into one Class “A” share at a price of $0.50 per share for a period of two years from the date of issue.

The definitive agreement contemplated under the Letter of Intent has not been entered into and the time to complete such a definitive agreement has lapsed as a result the transaction will not go forward.

SELECTED ANNUAL INFORMATION

For the years ended August 31st	2016	2017
Sales	$Nil	$ Nil
Net Loss and Comprehensive Loss	($157,757)	($187,380)
Loss per share	($0.103)	($0.058)
Total Assets	$726	$599
Current Liabilities	$119,381	$515,624
Total Long Term Debt	$ Nil	$ Nil
Cash Dividends	$ Nil	$ Nil
Deficit	($3,712,707)	($3,900,087)

RESULTS OF OPERATION AND QUARTERLY RESULTS

Applied Inventions Management Corp. has incurred administrative costs, professional fees and consulting fees associated with preparing and filing annual audited consolidated financial statements, unaudited interim consolidated financial statements and all other regulatory filing requirements and has continued to accrue interest on its secured demand Debenture payable and its interest bearing shareholder loan. Professional fees incurred for the year August 31, 2017 were $51,554 (August 31, 2016 - $91,997). Interest accrued on the secured demand Debenture and shareholder advances was $63,639 (August 31, 2016 - $40,589). Bank charges were $215 during the year ended August 31, 2017 (August 31, 2016 - $236).

	Aug 31 2017 Q4	May 31 2017 Q3	Feb 28 2017 Q2	Nov 30 2016 Q1	Aug 31 2016 Q4	May 31 2016 Q3	Feb 28 2016 Q2	Nov 30 2015 Q1
Total Revenue	$ NIL	$ NIL	$ NIL	$NIL	$NIL	$ NIL	$NIL	$NIL
Net Loss and comprehensive loss	($19,039)	($41,246)	($90,622)	($36,473)	($117,955)	($17,024)	($10,230)	($12,548)
Net Loss per Share	($0.002)	($0.026)	($0.059)	($0.024)	($0.077)	($0.011)	($0.007)	($0.008)
Weighted average shares outstanding	8,228,034	1,527,774	1,527,774	1,527,774	1,527,774	1,527,774	1,527,774	1,527,774

LIQUIDITY

The Company has been dependent upon one of its shareholders who is an officer and director of the Company, to provide financing for ongoing administrative expenses and for costs of re-organizing the affairs of the Company. The shareholder, who is an officer and director of the Company, has indicated that he will continue to fund costs anticipated to be approximately $15,000 per annum. However, if the shareholder decides not to fund the ongoing costs, the Company will have to attempt to raise monies to fund ongoing operations from an alternative source. There is no assurance that the Company will be able to raise the required monies at competitive rates to continue operations.

As at August 31, 2017 the Shareholder advances payable, which is owing to a principal shareholder who is a director and officer of the Company, was $89,056 (August 31, 2016 - $11,276) including accumulated interest advanced to the Company by the same Shareholder and bears interest at 10% per annum and is secured by a General Security Agreement.

FINANCIAL INSTRUMENTS

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss (“FVTPL”), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

The Company’s financial assets include cash while the Company’s financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate and multiple voting debentures. Classification of these financial instruments is as follows;

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Shareholder advances	Other liabilities
Subordinate and multiple voting debentures	Other liabilities

Cash is measured at level 1 of the fair value hierarchy. The Company does not have any financial instruments at level 2 or 3 of the fair value hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

FINANCIAL RISK MANAGEMENT- LIQUIDITY RISK

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. It is managements opinion that the Company is not exposed to significant interest and currency risk.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2017 the Company had current liabilities of $515,624 (August 31, 2016 - $119,381) and assets of $599 (August 31, 2016 - $726). As a result, the Company has liquidity risk and is dependent on obtaining additional financing to meet its current obligations.

CAPITAL RISK MANAGEMENT

The Company considers capital stock and deficit to represent capital. As at August 31, 2017 and August 31, 2016 the Company has a negative capital balance and management's objective is to maintain its ability to continue as a going concern by identifying sources for additional financing for working capital and to fund the development of a business.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year August 31, 2017 and August 31, 2016.

OFF BALANCE SHEET ACTIVITIES

As at August 31, 2017, the Company had no off balance sheet financial commitments and does not anticipate entering into any contracts of such nature.

DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder, who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principal amounts outstanding are due on April 27, 2018, the maturity date.

The secured subordinate voting debenture and the multiple voting debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260, Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants (Note 8).

	Subordinate Voting Debenture	Multiple Voting Debenture
Principal value of debentures issued	$ 343,154	$ 302,000
Equity component	(68,108)	(59,940)
Liability component at date of issue	275,046	242,060
Accretion	12,866	11,324
Liability component at August 31, 2016	$ 287,912	$ 253,384
Accretion	43,963	28,009
Conversion	—	(281,393)
Liability component at August 31, 2017	**$ 331,875**	**$ —**

RELATED PARTY TRANSACTIONS

Transactions with related parties are listed below and incurred in the normal course of business and are measured at the exchange amount:

(a) The interest expense of $63,639 (August 31, 2016 - $40,589) is due to the current controlling shareholder who is also a director and officer of the Company. Interest expense of $6,674 (August 31, 2016 - $300) is interest accrued on outstanding shareholder loans that are interest bearing. Interest expense of $56,965 (August 31, 2016 - $22,139) is interest accrued on the outstanding subordinate and multiple voting debentures.

(b) As at August 31, 2017 the Company has shareholder loans due to the current controlling shareholder who is also an officer and director of the Company, consisting of a $89,056 (August 31, 2016 - $11,276) advance bearing interest at 10% per annum, both advances being secured by a general security agreement.

(c) Included in accounts payable and accrued liabilities is $16,030 (2016 - $24,200) for consulting fees and out of pocket expenses to the principal shareholder, officer of the Company or a company controlled by the controlling shareholder.

(d) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him or a Company controlled by the controlling shareholder.

(e) On May 30, 2017 WFE a company controlled by the controlling shareholder of the Company converted a secured multiple voting debenture into 6,700,260, Multiple Voting Units, at $0.05 per Unit comprising 6,700,260 Class “B” Multiple Voting Shares and 6,700,260 Class “A” detachable shares purchase warrants totaling $374,346, of which $46,323 was allocated to the share purchase warrants.

The conversion was accounted for as the elimination of the multiple voting debenture liability with a transfer of the recorded liability and the equity component of the debenture to capital stock.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The significant estimates made by management in the preparation of these consolidated financial statements is the inputs used in the valuation of the warrants related to the units issued on the conversion of the multiple voting debentures during the year. The significant judgments made by management in the preparation of these consolidated financial statements are fair value of the liability component related to the subordinate voting debenture and multiple voting debenture issued in prior year and the assumption that the Company will continue as a going concern.

CONTROLS AND PROCEDURES

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurances that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company’s certifying officers. Management has evaluated the effectiveness of the Company’s disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

OUTSTANDING SHARE DATA

Common Shares

As at August 31, 2017 the Company had 388,435 (August 31, 2016 - 388,435) Class “A” Subordinate Voting Shares and 7,839,599 (August 31, 2016 -1,139,339) Class “B” Multiple Voting Shares issued and outstanding.

On May 30, 2017 the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260 Multiple Voting Units, comprising 6,700,260 Class “B” Multiple Voting Shares and 6,700,260 Class “A” detachable shares purchase warrants.

Stock Options and share purchase warrants

The Company’s stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class “A” Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class “B” Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class “A“ shares were granted pursuant to the Company’s stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021.

On May 30, 2017, 6,700,200 Class “A” detachable share purchase warrants were issued. Each warrant shall entitle the holder to acquire one Class “A” subordinate voting share at $0.06 per share until two years from date of issue.

SUBSQUENT EVENT

Proposed Transaction

On September 29, 2017, the Company entered into an exclusivity agreement (the “Exclusivity Agreement”) to complete a business combination with a third party (the “Target”), resulting in a reverse takeover of the Company (the “Proposed Transaction”). During the exclusivity period which expires on December 31, 2017, the parties have agreed to negotiate a binding agreement to complete the Proposed Transaction. As part of the Exclusivity Agreement the Target has agreed to pay certain expenses of the Company during the exclusivity period. There is no guarantee that the parties will be able to negotiate a mutually acceptable binding agreement or successfully complete the Proposed Transaction.

Stock Options

On October 27, 2017, the Company granted 600,000 options to its directors with an exercise price of $0.05 and an expiry date of October 27, 2022.

OFFICERS AND DIRECTORS

As at August 31, 2017 the officers and directors of the Company include:

Michael Stein	- President and Director
Gabriel Nachman FCPA, FCA	- Acting CFO, Director and Chair of Audit Committee
Nicholas Hariton	- Director
Barry Polisuk	- Director

ADDITIONAL INFORMATION

Additional information relating to the Company is available:

- On the Internet at the SEDAR website at www.sedar.com or,
- By contacting Michael Stein at 416-816-9690

FORM 52-109FV1
CERTIFICATION OF ANNUAL FILINGS
VENTURE ISSUER BASIC CERTIFICATE

I, **MICHAEL B. STEIN,** the **CHIEF EXECUTIVE OFFICER** of **APPLIED INVENTIONS MANAGEMENT CORP.**, certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "issuer") for the financial year ended **AUGUST 31, 2017**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

Date: December 4, 2017

Michael B. Stein
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORM 52-109FV1
CERTIFICATION OF ANNUAL FILINGS
VENTURE ISSUER BASIC CERTIFICATE

I, **GABRIEL NACHMAN,** the **ACTING CHIEF FINANCIAL OFFICER** of **APPLIED INVENTIONS MANAGEMENT CORP.**, certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "issuer") for the financial year ended **AUGUST 31, 2017**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

Date: December 4, 2017

Gabriel Nachman
Acting Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Exhibit 99.10

APPLIED INVENTIONS MANAGEMENT CORP.

Unaudited Interim Consolidated Financial Statements

For the three-month period ended November 30, 2017
(Expressed in Canadian Dollars)

Notice to Reader

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if the auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended November 30, 2017 and November 30, 2016, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's independent auditors, RSM Canada LLP, have not performed a review of the interim consolidated financial statements for the interim periods ended and as at November 30, 2017 and November 30, 2016 in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

Applied Inventions Management Corp.
November 30, 2017
Unaudited

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Applied Inventions Management Corp.
Unaudited Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)

As at	November 30, 2017	August 31, 2017 (Audited)
Assets		
Current		
Cash	**$ 567**	**$ 599**
Professional fees and expense recovery (Note 6b)	**11,938**	—
	$ 12,505	**$ 599**
Liabilities		
Current		
Account payable and accrued liabilities	**$ 106,043**	**$ 94,693**
Shareholder advances - interest bearing (Note 5b))	**94,022**	89,056
Subordinate voting debenture (Note 3b))	**344,652**	331,875
	$ 544,717	**$ 515,624**
Shareholder's deficiency		
Capital stock (Note 4)	**$ 2,520,946**	**$ 2,520,946**
Equity portion of convertible debenture (Note 3b))	**68,108**	68,108
Warrant capital	46,323	46,323
Contributed surplus	**749,685**	749,685
Deficit	**(3,917,274)**	(3,900,087)
	$ (532,212)	**$ (515,025)**
	$ 12,505	**$ 599**

Nature of Business and Going Concern (Note 1)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

"**Michael Stein**"
Director (signed)

"**Gabriel Nachman**"
Director (signed)

Applied Inventions Management Corp.
Unaudited Interim Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended	
	November 30, 2017	**November 30, 2016**
Expenses		
Interest - debenture accretion and shareholder advances	$ **23,602**	$ 35,177
		—
Professional fees and expense recovery (Note 6b)	**(11.938)**	
Professional fees	**5,491**	1,217
Bank charges	**32**	79
Net Loss and Comprehensive Loss	$ **17,187**	$ 36,473
Loss per share		
Basic and fully diluted	$ **0.002**	$ 0.024
Weighted average shares outstanding	**8,228,034**	1,527,774

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Applied Inventions Management Corp.
Unaudited Interim Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

As at		November 30, 2017		November 30, 2016
Capital Stock				
Balance, beginning of year	**$**	**2,520,946**	$	2,192,923
Conversion of convertible debenture and accretion interest				—
Balance, end of period	**$**	**2,520,946**		2,192,923
Contributed Surplus				
Balance, beginning of year	**$**	**749,685**	$	731,040
Balance, end of period	**$**	**731,785**	$	731,040
Equity Component of Convertible Debentures				
Balance, beginning of year	**$**	**68,108**	$	128,048
Adjustment of equity component on conversion of convertible debenture (Note 4b))				—
Equity component of convertible debentures (Note 3b))		—		
Balance, end of period	**$**	**68,108**	$	128,048
Warrant capital				
Balance, beginning of year	**$**	**46,323**		—
Issue of warrants and conversion of convertible Debenture (Note 4b))		—		—
Balance, end of period	**$**	**46,323**		—
Deficit				
Balance, beginning of year	**$**	**(3,900,087)**	$	(3,712,707)
Net Loss and Comprehensive Loss for the period		**(17,187)**		(36,473)
Balance, end of period		**(3,917,274)**		(3,749,180)
Shareholders' Equity				
Balance, beginning of year	**$**	**(515,025)**	$	(659,951)
Conversion of convertible debenture		**—**		—
Adjustment of equity component of convertible debenture		—		—
Issue of warrants				
Net Loss and Comprehensive Loss for the period		(17,187)		(36,473)
Balance, end of period	**$**	**(532,212)**	$	(696,424)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Applied Inventions Management Corp.
Unaudited Interim Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)

For the three months ended	November 30, 2017	November 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss and comprehensive loss	$ (17,187)	$ (36,473)
Interest and accretion accrued	23,602	35,177
	6,415	**(1,296)**
Working capital adjustment:		
Increase (decrease) in accounts payable and accrued liabilities	2,795	(10,017)
Increase in Professional fees and expense recovery	(11,938)	—
Net cash flows used in operating activities	**(2,728)**	**(13,313)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from shareholder	2,696	11,334
Net cash flows generated from financing activities	**2,696**	**11,334**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(32)**	**21**
Cash and cash equivalents, beginning of the year	**599**	**726**
Cash and cash equivalents, end of the period	**$ 567**	**$ 747**

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

1. NATURE OF BUSINESS GOING CONCERN

On August 29, 2014, the Company filed articles of amendment changing its name from Applied Inventions Management Inc. to Applied Inventions Management Corp.

Applied Inventions Management Corp. (the "Company") is incorporated under the laws of the Province of Ontario.

These unaudited consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will realize its net assets and discharge its liabilities in the normal course of business. The Company has minimal assets. Without financial support from directors or shareholders, the Company will not be able to discharge its liabilities in the normal course of business and there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern. The Company carries on the business of identification and evaluation of assets or businesses with a view to completing a potential acquisition.

The registered office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9.

The board of directors of the Company approved these unaudited interim consolidated financial statements on January 29, 2018

2. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE

These unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are in compliance with IAS 34, Interim Financial Reporting.

These unaudited interim consolidated financial statements do not include all disclosures normally provided in annual financial statements for the year ended August 31, 2017. In management's opinion, the unaudited interim consolidated financial information includes all the adjustments necessary to present fairly such information. Interim results are not necessarily indicative of the results expected for the year. The unaudited interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended August 31, 2017 in accordance with International Financial Reporting Standards.

These unaudited interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

3. SHAREHOLDER ADVANCES AND DEBT SETTLEMENT

a) Shareholder Advances

Shareholder advances, principal plus accrued interest, include advances made by the shareholder on behalf of the Company since September 1, 2009. The advances bear interest at the rate of 10% per annum, are calculated on a monthly basis, are secured by a general security agreement and have no specified terms of repayment.

b) Debt Settlement - Voting Debentures

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and President of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the nominal principle amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the nominal principle amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principle amounts outstanding are due on April 27, 2018, the maturity date.

The secured Subordinate Voting Debenture and the Multiple Voting Debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the Subordinate Voting and Multiple Voting Debentures respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the Multiple Voting Debenture and accrued interest were converted into 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants.

	Subordinate Voting Debenture	Multiple Voting Debenture
Nominal value of debentures issued	$ 343,154	$ 302,000
Equity Component	(68,108)	(59,940)
Liability component at date of issue	$ 275,046	$ 242,060
Accretion	69,606	39,333
Conversion	—	281,393
Liability component at November 30, 2017	$ 344,652	$ —

4. CAPITAL STOCK

a) Authorized:

Unlimited Class "A" Subordinate Voting Shares, convertible into an equal number of Class "B" shares at the option of the holder upon an offer to purchase all or substantially all of the Class "B" shares of the Company;

Unlimited Class "B" Multiple Voting (20 votes per share) Shares, convertible into an equal number of Class "A" Shares at the option of the holder;

Unlimited Class "C" Preference Shares.

b) Issued and outstanding:

	November 30, 2017		August 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Class “A” Subordinate Voting Shares	**388,435**	**$ 1,106,187**	**388,435**	**$ 1,106,187**
Class “B” Multiple Voting Shares	***7,839,599***	**1,414,759**	**7,839,599**	**1,414,759**
	8,228,034	**$ 2,471,509**	**8,228,034**	**$ 2,520,946**

c) Stock Options

On April 26, 2016, 150,000 options to purchase Class “A” shares were granted under the Company’s stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021. The fair value of these stock purchase options granted was determined, at the time of grant using the Black-Scholes option pricing model, to be $745 (see Note 7 of the Company’s audited consolidated statements as at August 31, 2017).

d) On October 27, 2017, the Company granted 600,000 options to its directors with an exercise price of $0.05 and an expiry date of October 27, 2022

5. RELATED PARTY TRANSACTIONS

a) The interest expense of $23,602 (2016 - $35,177) is due to the current controlling shareholder who is also a director and officer of the Company. Interest expense of $2,270 (2016 - $382) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $8,555 (2016 - $16,084) is interest accrued on the outstanding Subordinate and Multiple Voting Debentures.

b) As at November 30, 2017 the Company has Shareholder Loans due to the current controlling shareholder who is also an officer and director of the Company of a $94,022 (August 31, 2017 - $89,056) bearing interest at 10% per annum secured by a general security agreement.

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company, and to WFE Investments Corp. (“WFE”), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the principal amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the principal amount of $302,000 to WFE (Note 3b).

On May 30, 2017 WFE a company controlled by the controlling shareholder of the Company converted a secured Multiple Voting Debenture into 6,700,260, Multiple Voting units, at $0.05 per unit comprising 6,700,260 Class “B” Multiple Voting Shares and 6,700,260 Class “A” detachable share purchase warrants totaling $335,013.

The conversion was accounted for as the elimination of the Multiple Voting Debenture liability with a transfer of the recorded liability and the equity component of the debenture to be paid in value of the Class "B" Multiple Voting Shares and detachable share purchase warrants (Note 3b).

(c) Included in accounts payable and accrued liabilities is $16,030 (August 31, 2017 - $24,200) related to the reimbursement of expenses and fees owed to an officer, director and current controlling shareholder.

6. EXCLUSIVITY AGREEMENT

a) On September 29, 2017, the Company entered into an Exclusivity Agreement (the "Exclusivity Agreement") to complete a business combination with a third party (the "Target"), resulting in a reverse takeover of the Company (the "Proposed Transaction"). During the exclusivity period which expires on December 31, 2017, the parties have agreed to negotiate a binding agreement to complete the Proposed Transaction. As part of the Exclusivity Agreement the Target has agreed to pay certain expenses of the Company during the exclusivity period. There is no guarantee that the parties will be able to negotiate a mutually acceptable binding agreement or successfully complete the Proposed Transaction.

Subsequent to the period end, the Exclusivity Agreement has expired however, negotiations continues with the third party.

b) Professional fees and expenses incurred by the Company amounting to $ 11,938 (2016- $nil) with respect to the potential transaction are recoverable which have now been paid.

APPLIED INVENTIONS MANAGEMENT CORP.

Management Discussion and Analysis of Financial Conditions and Results of Operations for the three month periods ended November 30, 2017 & 2016

This Management Discussion and Analysis (M.D. & A.) should be read in conjunction with Applied Inventions Management Corp.'s (the "Company") consolidated annual audited financial statements and the accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canada. All monetary amounts are expressed in Canadian dollars. Additional information regarding the Company is available on the SEDAR website at www.sedar.com

FORWARD - LOOKING INFORMATION

The M. D. & A. and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

DATE OF M. D. & A.

This M. D. & A. was prepared on January 29, 2018.

GENERAL OVERVIEW

On August 29, 2014, the Company filed articles of amendment changing its name from Applied Inventions Management Inc. to Applied Inventions Management Corp

A cease trade order ("CTO") was imposed on the Company by the Ontario Securities Commission on February 20, 2001 for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three month period ended November 30, 2000. These consolidated financial statements were subsequently filed on Sedar by the Company.

On August 27, 2011, the Ontario Securities Commission issued a Revocation Order of the CTO. The Company is now seeking to complete a transaction that would allow the reinstatement of trading privileges on a recognized stock exchange.

Prior to 2002, the Company manufactured, marketed and distributed the SAVE swimming pool intrusion alarm.

The Company is in the process of reorganizing its affairs.

SELECTED ANNUAL INFORMATION

For the years ended August 31st	2016	2017
Sales	$Nil	$ Nil
Net Loss and Comprehensive Loss	($157,757)	($187,380)
Loss per share	($0.103)	($0.058)
Total Assets	$726	$599
Current Liabilities	$119,381	$515,624
Total Long Term Debt	$ Nil	$ Nil
Cash Dividends	$ Nil	$ Nil
Deficit	($3,712,707)	($3,900,087)

RESULTS OF OPERATION AND QUARTERLY RESULTS

Applied Inventions Management Corp. has incurred administrative costs, professional fees and consulting fees associated with preparing and filing annual audited consolidated financial statements, unaudited interim consolidated financial statements and all other regulatory filing requirements and has continued to accrue interest on its interest bearing shareholder advances and its Multiple and Subordinate Voting Debentures. Professional fees incurred for the three month period November 30, 2017 were $5,491 (November 30, 2016 - $1,217). Interest accrued on the secured demand Debenture, and shareholder advances was $23,602 (November 30, 2016 - $35,177). Bank charges were $32 during the three month period ended November 30, 2017 (November 30, 2016 - $79).

	Nov 30 2017 Q1	Aug 31 2017 Q4	May 31 2017 Q3	Feb 28 2017 Q2	Nov 30 2016 Q1	Aug 31 2016 Q4	May 31 2016 Q3	Feb 28 2016 Q2
Total Revenue	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL
Net Loss and comprehensive loss	($17,187)	($19,039)	($41,246)	($90,622)	($36,473)	($117,955)	($17,024)	($10,230)
Net Loss per Share	($0.002)	($0.002)	($0.026)	($0.059)	($0.024)	($0.077)	($0.011)	($0.007)
Weighted average shares outstanding	8,228,034	8,228,034	1,527,774	1,527,774	1,527,774	1,527,774	1,527,774	1,527,774

LIQUIDITY

The Company has been dependent upon one of its shareholders who is an officer and director of the Company, to provide financing for ongoing administrative expenses and for costs of re- organizing the affairs of the Company, subject to expense recoveries pursuant to the exclusivity agreement described herein. The shareholder, who is an officer and director of the Company, has indicated that he will continue to fund costs anticipated to be approximately $15,000 per annum. However, if the shareholder decides not to fund the ongoing costs, the Company will have to attempt to raise monies to fund ongoing operations from an alternative source. There is no assurance that the Company will be able to raise the required monies at competitive rates to continue operations.

As at November 30, 2017, Shareholder advances payable which is owing to a principal shareholder who is also a director and officer of the Company was $94,022 (August 31, 2017 - $89,056) including accumulated interest advanced to the Company by the same Shareholder and bears interest at 10% per annum and is secured by a General Security Agreement.

FINANCIAL INSTRUMENTS

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method

The Company's financial assets include cash and professional fees expense recovery while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate voting debenture. Classified of these financial instruments is as follows:

Financial Instrument	**Classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Shareholder advances	Other liabilities
Subordinate and Multiple Voting Debentures	Other liabilities

Cash is measured at level 1 of the fair value hierarchy. The Company does not have any financial instruments at level 2 or3 of the fair value hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Value based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

FINANCIAL RISK MANAGEMENT- LIQUIDITY RISK

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. The Company's financial instruments comprised of cash, accounts payable and accrued liabilities, shareholder advances and subordinate and multiple voting debentures, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks. Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at November 30, 2017 the Company had current liabilities of $544,717 (August 31, 2017 - $515,624) and assets of $12,505 (A gust 31, 2017 - $599). As a result, the Company has liquidity risk and is dependent on obtaining additional financing to meet its current obligations.

Interest rate risk includes the risk that future cash flows or fair value will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk on its debentures and shareholder loan payable which bear interest at a fixed rate.

The Company's accounts payable outstanding for over 90 days amount to $21,224 (August 31, 2017 - $19,224).

CAPITAL RISK MANAGEMENT

The Company considers capital stock and deficit to represent capital. As at November 30, 2017 and August 31, 2017 the Company has a shareholders' deficiency and management's objective is to maintain its ability to continue as a going concern.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the three month period ended November 30, 2017 and the year ended August 31, 2017.

OFF BALANCE SHEET ACTIVITIES

As at November 30, 2017, the Company had no off balance sheet financial commitments and does not anticipate entering into any contracts of such nature.

DEBT SETTLEMENT

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and President of the Company, and to WFE Investments Corp. (“WFE”), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the principle amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the principle amount of $302,000 to WFE. The debentures bear interest at a rate of 10% per annum. Interest is payable quarterly and the principle amounts outstanding are due on April 27, 2018, the maturity date.

The secured Subordinate Voting Debenture and the Multiple Voting Debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class “A” subordinate voting share and one Class “B” multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class “A” subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the Multiple Voting Debenture and accrued interest thereon were converted into 6,700,260 Class “B” Multiple Voting Units at $0.05 per unit comprising 6,700,260 Multiple Voting Shares and 6,700,260 Class “A” detachable share purchase warrants.

	Subordinate Voting Debenture	Multiple Voting Debenture
Nominal value of debentures issued	$ 343,154	$ 302,000
Equity Component	(68,108)	(59,940)
Liability component at date of issue	$ 275,046	$ 242,060
Accretion	69,606	39,333
Conversion		(281,393)
Liability component at November 30, 2017	$ 344,652	$ -

RELATED PARTY TRANSACTIONS

Transactions with related parties are listed below and incurred in the normal course of business and are measured at the exchange amount:

a) As at November 30, 2017 debenture interest expense, accretion expense and shareholder advances expense was $23,602 (November, 30,2016 - $35,177) and is due to the controlling shareholder who is a director and officer or to a company controlled by the controlling shareholder. Actual interest expense of $54,550 (November 30, 2016 - $38,223) has been accrued in respect of the Subordinate and the Multiple Voting Debentures.

b) As at November 30, 2017 the Company has Shareholder Loans due to the controlling shareholder, officer and director of the Company, consisting of $94,022 (August 31, 2017 - $89,056) advance bearing interest at 10% per annum, advances being secured by a general security agreement.

c) Included in accounts payable and accrued liabilities is $16,030 (August 31, 2017 - $16,030) for the reimbursement of fees and expenses owed to the controlling shareholder who is also a director and officer of the Company.

d) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him, or a Company controlled by the controlling shareholder.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's asset, liabilities, equity or earnings. There have been no judgments made by management in the application of IFRS that have a significant effect on the financial statements for the period ended November 30, 2017 and the year ended August 31, 2017. Actual results could differ from those estimates.

CONTROLS AND PROCEDURES

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurances that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

OUTSTANDING SHARE DATA

Common Shares

As at November 30, 2017 the Company had 388,435 (August 31, 2016 - 388,435) Class "A" Subordinate Voting Shares and 7,839,599 (August 31, 2017 - 7,839,599) Class "B" Multiple Voting Shares issued and outstanding.

On May 30, 2017 the Multiple Voting Debenture and accrued interest of $33,013 were converted into 6,700,260 Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants.

Stock Options and share purchase warrants

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "A" Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class "A" shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021. The fair value of the options granted of $745 is estimated at the time of the grant using the Black-Scholes option pricing model.

On May 30, 2017, 6,700,260 Class "A" detachable share purchase warrants were issued. Each warrant shall entitle the holder to acquire one Class "A" subordinate voting share at $0.06 per share until two years from date of issue.

On October 27, 2017, the Company granted 600,000 options to its directors with an exercise price of $0.05 and an expiry date of October 22, 2022.

EXCUSIVITY AGREEMENT

Proposed Transaction

On September 29, 2017, the Company entered into an exclusivity agreement (the "Exclusivity Agreement") to complete a business combination with a third party (the "Target"), resulting in a reverse takeover of the Company (the "Proposed Transaction"). During the exclusivity period which expires on December 31, 2017, the parties have agreed to negotiate a binding agreement to complete the Proposed Transaction. As part of the Exclusivity Agreement the Target has agreed to pay certain expenses of the Company during the exclusivity period. There is no guarantee that the parties will be able to negotiate a mutually acceptable binding agreement or successfully complete the Proposed Transaction.

Subsequent to the period end, the Exclusivity Agreement has expired however, negotiation continues with the third party. Professional fees and expenses incurred by the Company amounting to $ 11,938 with respect to the potential transaction are recoverable from the third party which have now been paid.

OFFICERS AND DIRECTORS

As at November 30, 2017 the officers and directors of the Company include:

Michael Stein	- President and Director
Gabriel Nachman FCPA, FCA	- Acting CFO, Director and Chair of Audit Committee
Nicholas Hariton	- Director
Barry Polisuk	- Director

ADDITIONAL INFORMATION

Additional information relating to the Company is available:

- On the Internet at the SEDAR website at www.sedar.com or,
- By contacting Michael Stein at 416-816-9690

FORM 52-109FV2
CERTIFICATION OF INTERIM FILINGS
VENTURE ISSUER BASIC CERTIFICATE

I, **MICHAEL STEIN**, Chief Executive Officer of **APPLIED INVENTIONS MANAGEMENT CORP.** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "**Interim Filings**") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "**Issuer**") for the interim period ended **November 30, 2017.**

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: January 29, 2018.

Michael Stein
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Issuer in its annual filings, Interim Filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP.

The Issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORM 52-109FV2
CERTIFICATION OF INTERIM FILINGS
VENTURE ISSUER BASIC CERTIFICATE

I, **GABRIEL NACHMAN,** *Acting* Chief Financial Officer of **APPLIED INVENTIONS MANAGEMENT CORP.** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "**Interim Filings**") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "**Issuer**") for the interim period ended November **30, 2017**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: January 29, 2018.

Gabriel Nachman
Acting Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Issuer in its annual filings, Interim Filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP.

The Issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Exhibit 99.14

APPLIED INVENTIONS MANAGEMENT CORP.

Unaudited Interim Consolidated Financial Statements

For the six-month period ended February 28, 2018
(Expressed in Canadian Dollars)

Notice to Reader

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if the auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended February 28, 2018 and February 28, 2017, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's independent auditors, RSM Canada LLP, have not performed a review of the interim consolidated financial statements for the interim periods ended and as at February 28, 2018 and February 28, 2017 in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

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Applied Inventions Management Corp.
Unaudited Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)

As at	February 28, 2018	August 31, 2017 (Audited)
Assets		
Current		
Cash	**$ 1,370**	599
Liabilities		
Current		
Account payable and accrued liabilities	**$ 73,761**	**$ 94,693**
Shareholder advances - interest bearing (Note 5b)	**133,910**	89,056
Subordinate voting debenture (Note 3b)	**358,095**	331,875
	$ 565,766	**$ 515,624**
Shareholder's deficiency		
Capital stock (Note 4)	**$ 2,520,946**	**$ 2,520,946**
Equity portion of convertible debenture (Note 3b)	**68,108**	68,108
Warrant capital	**46,323**	46,323
Contributed surplus	**749,685**	749,685
Deficit	**(3,949,358)**	(3,900,087)
	$ (564,396)	**$ (515,025)**
	$ 1,370	**$ 599**

Nature of Business and Going Concern (Note 1)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

"**Michael Stein**"
Director (signed)

"**Gabriel Nachman**"
Director (signed)

Applied Inventions Management Corp.
Unaudited Interim Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended February 28,		Six months ended February 28,	
	2018	**2017**	**2018**	**2017**
Expenses				
Interest - debentures accretion and shareholder advances	**$ 24,963**	$ 37,182	**$ 48,565**	$ 72,359
Professional fees and expense recovery (Note 6b)	**—**	—	**(11,938)**	—
Professional fees	**7,187**	53,369	**12,678**	54,586
Bank charges	**34**	71	**66**	150
Net Loss and Comprehensive Loss	**($ 32,184)**	($ 90,622)	**($ 49,371)**	($ 127,095)
Loss per share				
Basic and fully diluted	**$ 0.004**	$ 0.059	**$ 0.006**	$ 0.083
Weighted average number of shares outstanding				
Basic and fully diluted	**8,228,034**	1,527,774	**8,228,034**	1,527,774

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Applied Inventions Management Corp.
Unaudited Interim Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

As at	February 28, 2018	February 28, 2017
Capital Stock		
Balance, beginning of year and end of period	**$ 2,520,946**	$ 2,192,923
Contributed Surplus		
Balance, beginning of year and end of period	**$ 749,685**	$ 731,785
Equity Component of Convertible Debentures		
Balance, beginning of year and end of period	**$ 68,108**	$ 128,048
Warrant capital		
Balance, beginning of year and end of period	**$ 46,323**	$ —
Deficit		
Balance, beginning of year	**$ (3,900,087)**	$ (3,712,707)
Net Loss and Comprehensive Loss for the period	**(49,371)**	(127,095)
Balance, end of period	**$ (3,949,358)**	$ (3,839,802)
Shareholders' Equity		
Balance, beginning of year	**$ (515,025)**	$ (659,951)
Net Loss and Comprehensive Loss for the period	**(49,371)**	(127,095)
Balance, end of period	**$ (564,396)**	$ (787,046)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Applied Inventions Management Corp.

Unaudited Interim Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)

For the six months ended	February 28, 2018	February 28, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss and comprehensive loss	$ (49,371)	$ (127,095)
Interest and accretion accrued	48,565	72,359
	(806)	(54,736)
Working capital adjustment:		
Increase (decrease) in accounts payable and accrued liabilities	(49,980)	(9,314)
Decrease in Professional fees and expense recovery	11,938	—
Net cash flows used in operating activities	**(38,848)**	(64,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from shareholder	39,619	63,988
Net cash flows generated from financing activities	**39,619**	63,988
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**771**	(62)
Cash and cash equivalents, beginning of the year	**599**	726
Cash and cash equivalents, end of the period	**$ 1,370**	$ 664

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

1. NATURE OF BUSINESS GOING CONCERN

On August 29, 2014, the Company filed articles of amendment changing its name from Applied Inventions Management Inc. to Applied Inventions Management Corp.

Applied Inventions Management Corp. (the "Company") is incorporated under the laws of the Province of Ontario.

These unaudited consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will realize its net assets and discharge its liabilities in the normal course of business. The Company has minimal assets. Without financial support from directors or shareholders, the Company will not be able to discharge its liabilities in the normal course of business and there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern. The Company carries on the business of identification and evaluation of assets or businesses with a view to completing a potential acquisition.

The registered office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9.

The board of directors of the Company approved these unaudited interim consolidated financial statements on April 20, 2018

2. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE

These unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are in compliance with IAS 34, Interim Financial Reporting.

These unaudited interim consolidated financial statements do not include all disclosures normally provided in annual financial statements for the year ended August 31, 2017. In management's opinion, the unaudited interim consolidated financial information includes all the adjustments necessary to present fairly such information. Interim results are not necessarily indicative of the results expected for the year. The unaudited interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended August 31, 2017 in accordance with International Financial Reporting Standards.

These unaudited interim consolidated financial statements are presented in Canadian dollars, which is the Company`s functional and reporting currency.

3. SHAREHOLDER ADVANCES AND DEBT SETTLEMENT

a) Shareholder Advances

Shareholder advances, principal plus accrued interest, include advances made by the shareholder on behalf of the Company since September 1, 2009. The advances bear interest at the rate of 10% per annum, are calculated on a monthly basis, are secured by a general security agreement and have no specified terms of repayment.

b) Debt Settlement - Voting Debentures

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and President of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the nominal principle amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the nominal principle amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principle amounts outstanding are due on April 27, 2018, the maturity date.

The secured Subordinate Voting Debenture and the Multiple Voting Debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the Subordinate Voting and Multiple Voting Debentures respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the Multiple Voting Debenture and accrued interest were converted into 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants.

	Subordinate Voting Debenture	Multiple Voting Debenture
Nominal value of debentures issued	$ 343,154	$ 302,000
Equity Component	(68,108)	(59,940)
Liability component at date of issue	$ 275,046	$ 242,060
Accretion	83,049	39,333
Conversion	—	(281,393)
Liability component at February 28, 2018	$ 358,095	$ —

4. CAPITAL STOCK

a) Authorized:

Unlimited Class "A" Subordinate Voting Shares, convertible into an equal number of Class "B" shares at the option of the holder upon an offer to purchase all or substantially all of the Class "B" shares of the Company;

Unlimited Class "B" Multiple Voting (20 votes per share) Shares, convertible into an equal number of Class "A" Shares at the option of the holder;

Unlimited Class "C" Preference Shares.

b) Issued and outstanding:

	February 28, 2018		August 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Class “A” Subordinate Voting Shares	388,435	$ 1,106,187	388,435	$ 1,106,187
Class “B” Multiple Voting Shares	*7,839,599*	1,414,759	7,839,599	1,414,759
	8,228,034	$ 2,520,946	8,228,034	$ 2,520,946

c) Stock Options

On April 26, 2016, 150,000 options to purchase Class “A” shares were granted under the Company’s stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021. The fair value of these stock purchase options granted was determined, at the time of grant using the Black-Scholes option pricing model, to be $745 (see Note 7 of the Company’s audited consolidated statements as at August 31, 2017).

d) On October 27, 2017, the Company granted 600,000 options to its directors with an exercise price of $0.05 and an expiry date of October 27, 2022

5. RELATED PARTY TRANSACTIONS

a) The interest expense of $48,565 (2017 - $72,359) is due to the current controlling shareholder who is also a director and officer of the Company. Interest expense of $5,235 (2017 - $1,972) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $17,110 (2017 - $54,307) is interest accrued on the outstanding Subordinate and Multiple Voting Debentures.

b) As at February 28, 2018 the Company has Shareholder Loans due to the current controlling shareholder who is also an officer and director of the Company of a $133,910 (August 31, 2017 - $89,056) bearing interest at 10% per annum secured by a general security agreement.

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company, and to WFE Investments Corp. (“WFE”), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the principal amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the principal amount of $302,000 to WFE (Note 3b).

On May 30, 2017 WFE a company controlled by the controlling shareholder of the Company converted a secured Multiple Voting Debenture into 6,700,260, Multiple Voting units, at $0.05 per unit comprising 6,700,260 Class “B” Multiple Voting Shares and 6,700,260 Class “A” detachable share purchase warrants totaling $335,013.

The conversion was accounted for as the elimination of the Multiple Voting Debenture liability with a transfer of the recorded liability and the equity component of the debenture to be paid in value of the Class “B” Multiple Voting Shares and detachable share purchase warrants (Note 3b).

(c) Included in accounts payable and accrued liabilities is $6,030 (August 31, 2017 - $24,200) related to the reimbursement of expenses and fees owed to an officer, director and current controlling shareholder.

6. EXCLUSIVITY AGREEMENT

a) On September 29, 2017, the Company entered into an exclusivity agreement (the "Exclusivity Agreement") to complete a business combination with a third party (the "Target"), resulting in a reverse takeover of the Company (the "Proposed Transaction"). During the exclusivity period which expired on December 31, 2017, the parties agreed to negotiate a binding agreement to complete the Proposed Transaction. The binding agreement was not made by December 31, 2017 and the exclusivity agreement expired on that date. As a result the Company has no further responsibilities as regards the proposed transaction. As part of the Exclusivity Agreement the Target agreed to pay certain expenses of the Company during the exclusivity period.

b) On December 31, 2017, the Exclusivity Agreement expired. Professional fees and expenses incurred by the Company amounting to $11,938 (2016- $nil) with respect to the Potential Transaction were recoverable from the third party and have been paid.

APPLIED INVENTIONS MANAGEMENT CORP.

Management Discussion and Analysis of Financial Conditions and Results of Operations for the six month periods ended February 28, 2018 & 2017

This Management Discussion and Analysis (M.D. & A.) should be read in conjunction with Applied Inventions Management Corp.'s (the "Company") consolidated annual audited financial statements and the accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canada. All monetary amounts are expressed in Canadian dollars. Additional information regarding the Company is available on the SEDAR website at www.sedar.com

FORWARD - LOOKING INFORMATION

The M. D. & A. and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

DATE OF M. D. & A.

This M. D. & A. was prepared on April 20, 2018.

GENERAL OVERVIEW

On August 29, 2014, the Company filed articles of amendment changing its name from Applied Inventions Management Inc. to Applied Inventions Management Corp

A cease trade order ("CTO") was imposed on the Company by the Ontario Securities Commission on February 20, 2001 for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three month period ended November 30, 2000. These consolidated financial statements were subsequently filed on Sedar by the Company.

On August 27, 2011, the Ontario Securities Commission issued a Revocation Order of the CTO. The Company is now seeking to complete a transaction that would allow the reinstatement of trading privileges on a recognized stock exchange.

Prior to 2002, the Company manufactured, marketed and distributed the SAVE swimming pool intrusion alarm.

The Company is in the process of reorganizing its affairs.

SELECTED ANNUAL INFORMATION

For the years ended August 31st	2016	2017
Sales	$Nil	$ Nil
Net Loss and Comprehensive Loss	($157,757)	($187,380)
Loss per share	($0.103)	($0.058)
Total Assets	$726	$599
Current Liabilities	$119,381	$515,624
Total Long Term Debt	$ Nil	$Nil
Cash Dividends	$ Nil	$ Nil
Deficit	($3,712,707)	($3,900,087)

RESULTS OF OPERATION AND QUARTERLY RESULTS

Applied Inventions Management Corp. has incurred administrative costs, professional fees and consulting fees associated with preparing and filing annual audited consolidated financial statements, unaudited interim consolidated financial statements and all other regulatory filing requirements and has continued to accrue interest on its interest bearing shareholder advances and its Multiple and Subordinate Voting Debentures. Professional fees incurred for the six month period February 28, 2018 were $12,678 (February 28, 2017 - $54,586). Interest accrued on the secured demand Debenture, and shareholder advances was $48,565 (February 28, 2017 - $72,359). Bank charges were $66 during the six month period ended February 28, 2018 (February 28, 2017 - $150).

	Feb 28 2018	Nov 30 2017	Aug 31 2017	May 31 2017	Feb 28 2017	Nov 30 2016	Aug 31 2016	May 31 2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total Revenue	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**
Net Loss and comprehensive loss	**($32,184)**	**($17,187)**	**($19,039)**	**($41,246)**	**($90,622)**	**($36,473)**	**($117,955)**	**($17,024)**
Net Loss per Share	**($0.004)**	**($0.002)**	**($0.002)**	**($0.026)**	**($0.059)**	**($0.024)**	**($0.077)**	**($0.011)**
Weighted average shares outstanding	**8,228,034**	**8,228,034**	**8,228,034**	**1,527,774**	**1,527,774**	**1,527,774**	**1,527,774**	**1,527,774**

LIQUIDITY

The Company has been dependent upon one of its shareholders who is an officer and director of the Company, to provide financing for ongoing administrative expenses and for costs of re- organizing the affairs of the Company. The shareholder, who is an officer and director of the Company, has indicated that he will continue to fund costs anticipated to be approximately $15,000 per annum. However, if the shareholder decides not to fund the ongoing costs, the Company will have to attempt to raise monies to fund ongoing operations from an alternative source. There is no assurance that the Company will be able to raise the required monies at competitive rates to continue operations.

As at February 28, 2018, Shareholder advances payable which is owing to a principal shareholder who is also a director and officer of the Company was $133,910 (August 31, 2017 - $89,056) including accumulated interest advanced to the Company by the same Shareholder and bears interest at 10% per annum and is secured by a General Security Agreement.

FINANCIAL INSTRUMENTS

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method

The Company's financial assets include cash and professional fees expense recovery while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate voting debenture. Classified of these financial instruments is as follows:

Financial Instrument	**Classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Shareholder advances	Other liabilities
Subordinate and multiple voting debentures	Other liabilities

Cash is measured at level 1 of the fair value hierarchy. The Company does not have any financial instruments at level 2 or3 of the fair value hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Value based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

FINANCIAL RISK MANAGEMENT- LIQUIDITY RISK

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. The Company's financial instruments comprised of cash, accounts payable and accrued liabilities, shareholder advances and subordinate and multiple voting debentures, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks. Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at February 28, 2018 the Company had current liabilities of $565,766 (August 31, 2017 - $515,624) and assets of $1,370 (August 31, 2017 - $599). As a result, the Company has liquidity risk and is dependent on obtaining additional financing to meet its current obligations.

Interest rate risk includes the risk that future cash flows or fair value will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk on its debentures and shareholder loan payable which bear interest at a fixed rate.

The Company’s accounts payable outstanding for over 90 days amount to $9,369 (August 31, 2017 - $19,224).

CAPITAL RISK MANAGEMENT

The Company considers capital stock and deficit to represent capital. As at February 28, 2018 and August 31, 2017 the Company has a shareholders’ deficiency and management’s objective is to maintain its ability to continue as a going concern.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the six month period ended February 28, 2018 and the year ended August 31, 2017.

OFF BALANCE SHEET ACTIVITIES

As at February 28, 2018, the Company had no off balance sheet financial commitments and does not anticipate entering into any contracts of such nature.

DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and President of the Company, and to WFE Investments Corp. (“WFE”), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the principle amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the principle amount of $302,000 to WFE. The debentures bear interest at a rate of 10% per annum. Interest is payable quarterly and the principle amounts outstanding are due on April 27, 2018, the maturity date.

The secured Subordinate Voting Debenture and the Multiple Voting Debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class “A” subordinate voting share and one Class “B” multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class “A” subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the Multiple Voting Debenture and accrued interest thereon was converted into 6,700,260 Class “B” Multiple Voting Units at $0.05 per unit comprising 6,700,260 Multiple Voting Shares and 6,700,260 Class “A” detachable share purchase warrants.

	Subordinate Voting Debenture	Multiple Voting Debenture
Nominal value of debentures issued	$ 343,154	$ 302,000
Equity Component	(68,108)	(59,940)
Liability component at date of issue	$ 275,046	$ 242,060
Accretion	83,049	39,333
Conversion	—	(281,393)
Liability component at February 28, 2018	$ 358,095	$ —

RELATED PARTY TRANSACTIONS

Transactions with related parties are listed below and incurred in the normal course of business and are measured at the exchange amount:

a) As at February 28, 2018 debenture interest expense, accretion expense and shareholder advances expense was $48,565 (February 28, 2017 - $72,359) and is due to the controlling shareholder who is a director and officer or to a company controlled by the controlling shareholder. Actual interest expense of $63,105 (February 28, 2017 - $54,307) has been accrued in respect of the Subordinate and the Multiple Voting Debentures.

b) As at February 28, 2018 the Company has Shareholder Loans due to the controlling shareholder, officer and director of the Company, consisting of $133,910 (August 31, 2017 - $89,056) advance bearing interest at 10% per annum, advances being secured by a general security agreement.

c) Included in accounts payable and accrued liabilities is $6,030 (August 31, 2017 - $16,030) for the reimbursement of fees and expenses owed to the controlling shareholder who is also a director and officer of the Company.

d) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him, or a Company controlled by the controlling shareholder.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's asset, liabilities, equity or earnings. There have been no judgments made by management in the application of IFRS that have a significant effect on the financial statements for the period ended February 28, 2018 and the year ended August 31, 2017. Actual results could differ from those estimates.

CONTROLS AND PROCEDURES

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurances that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

OUTSTANDING SHARE DATA

Common Shares

As at February 28, 2018 the Company had 388,435 (August 31, 2016 - 388,435) Class "A" Subordinate Voting Shares and 7,839,599 (August 31, 2017 - 7,839,599) Class "B" Multiple Voting Shares issued and outstanding.

On May 30, 2017 the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260 Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants.

Stock Options and share purchase warrants

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "A" Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class "A" shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021. The fair value of the options granted of $745 is estimated at the time of the grant using the Black-Scholes option pricing model.

On May 30, 2017 6,700,260 Class "A" detachable share purchase warrants were issued. Each warrant shall entitle the holder to acquire one Class "A" subordinate voting share at $0.06 per share until two years from date of issue.

On October 27, 2017, the Company granted 600,000 options to its directors with an exercise price of $0.05 and an expiry date of October 22, 2022.

EXCUSIVITY AGREEMENT

Proposed Transaction

On September 29, 2017, the Company entered into an exclusivity agreement (the "Exclusivity Agreement") to complete a business combination with a third party (the "Target"), resulting in a reverse takeover of the Company (the "Proposed Transaction"). During the exclusivity period which expired on December 31, 2017, the parties agreed to negotiate a binding agreement to complete the Proposed Transaction. As part of the Exclusivity Agreement the Target agreed to pay certain expenses of the Company during the exclusivity period.

On December 31, 2017, the Exclusivity Agreement expired. Professional fees incurred by the Company amounting to $11,938 with respect to the Potential Transaction were recoverable from the third party and have been paid.

OFFICERS AND DIRECTORS

As at February 28, 2018 the officers and directors of the Company include:

Michael Stein	- President and Director
Gabriel Nachman FCPA, FCA	- Acting CFO, Director and Chair of Audit Committee
Nicholas Hariton	- Director
Barry Polisuk	- Director

ADDITIONAL INFORMATION

Additional information relating to the Company is available:

- On the Internet at the SEDAR website at www.sedar.com or,
- By contacting Michael Stein at 416-816-9690

FORM 52-109FV2
CERTIFICATION OF INTERIM FILINGS
VENTURE ISSUER BASIC CERTIFICATE

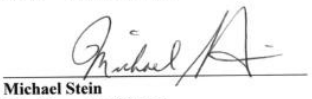
I, **MICHAEL STEIN,** Chief Executive Officer of **APPLIED INVENTIONS MANAGEMENT CORP.** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "**Interim Filings**") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "**Issuer**") for the interim period ended **February 28, 2018.**

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: April 24, 2018.



Michael Stein
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Issuer in its annual filings, Interim Filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP.

The Issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORM 52-109FV2
CERTIFICATION OF INTERIM FILINGS
VENTURE ISSUER BASIC CERTIFICATE

I, **GABRIEL NACHMAN,** *Acting* Chief Financial Officer of **APPLIED INVENTIONS MANAGEMENT CORP.** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "**Interim Filings**") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "**Issuer**") for the interim period ended **February 28, 2018**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: April 24, 2018.

Gabriel Nachman
Acting Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Issuer in its annual filings, Interim Filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP.

The Issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Exhibit 99.18

Applied Inventions Management Corp. Extends Maturity Date of Convertible Debenture

TORONTO, May 28, 2018 - Applied Inventions Management Corp. (the "**Company**") is pleased to announce that effective May 22, 2018, it has amended a secured convertible debenture dated April 27, 2016 (the "**Debenture**") having a principal amount of approximately $414,650 on the amendment date, to extend the maturity date of the Debenture until October 27, 2020 (the "**Debenture Amendment**"). Except for the maturity date extension, there has been no change to the material terms of the Debenture.

The participation of a related party of the Company in the Debenture Amendment constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Shareholders in Special Transactions ("**MI 61- 101**"). Michael Stein, the President and a director of the Company, holds the Debenture. The Company is exempt from the requirements to obtain a formal valuation and minority shareholder approval in connection with the Debenture Amendment on the basis that the Company's independent directors in respect of the Debenture Amendment, acting in good faith, have all determined that (i) the Company in serious financial difficulty, (ii) the Debenture Amendment is designed to improve the financial position of the Company, and (iii) the terms of the Debenture Amendment are reasonable in the circumstances of the Company.

The Debenture Amendment was considered by the directors of the Company who were independent of the Debenture Amendment. Mr. Stein declared a conflict and recused himself from considering and voting on the Debenture Amendment. The remaining directors voted unanimously to approve the Debenture Amendment.

For more information, please contact:
Michael Stein
President
Applied Inventions Management Corp.
1 Adelaide Street East, Suite 801
Toronto, Ontario M5C 2V9
Tel.: (416) 410-7722

Exhibit 99.19

APPLIED INVENTIONS MANAGEMENT CORP.

Unaudited Interim Consolidated Financial Statements

For the nine month period ended May 31, 2018
(Expressed in Canadian Dollars)

Notice to Reader

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if the auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended May 31, 2018 and May 31, 2017, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's independent auditors, RSM Canada LLP, have not performed a review of the interim consolidated financial statements for the interim periods ended and as at May 31, 2018 and May 31, 2017 in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

Applied Inventions Management Corp.
May 31,2018
Unaudited

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Applied Inventions Management Corp.
Unaudited Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)

As at	May 31, 2018	August 31, 2017 (Audited)
Assets		
Current		
Cash	**$ 696**	**$ 599**
Liabilities		
Current		
Account payable and accrued liabilities	**$ 15,283**	**$ 94,693**
Shareholder advances - interest bearing (Note 5b)	**140,624**	89,056
Subordinate voting debenture (Note 3b)	**429,591**	331,875
	$ 585,498	**$ 515,624**
Shareholder's deficiency		
Capital stock (Note 4)	**$ 2,520,946**	**$ 2,520,946**
Equity portion of convertible debenture (Note 3b)	**68,108**	68,108
Warrant capital	**46,323**	46,323
Contributed surplus	**749,685**	749,685
Deficit	**(3,969,864)**	(3,900,087)
	$ (584,802)	**$ (515,025)**
	$ 696	**$ 599**

Nature of Business and Going Concern (Note 1)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

¨**Michael Stein**¨
Director (signed)

¨**Gabriel Nachman**¨
Director (signed)

Applied Inventions Management Corp.
Unaudited Interim Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended May 31,		Nine months ended May 31,	
	2018	**2017**	**2018**	**2017**
Expenses				
Interest - debentures accretion and shareholder advances	**$ 12,181**	$ 37,579	**$ 60,746**	$ 109,938
Professional fees and expense recovery (Note 6b)	**—**	—	**(11,938)**	—
Professional fees	**8,190**	3,632	**20,868**	58,218
Bank charges	**35**	35	**101**	185
Net Loss and Comprehensive Loss	**($ 20,406)**	($ 41,246)	**($ 69,777)**	($ 168,341)
Loss per share				
Basic and fully diluted	**$ 0.002**	$ 0.026	**$ 0.008**	$ 0.108
Weighted average number of shares outstanding				
Basic and fully diluted	**8,228,034**	1,601,403	**8,228,034**	1,552,317

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Applied Inventions Management Corp.
Unaudited Interim Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

As at		May 31, 2018		May 31, 2017
Capital Stock				
Balance, beginning of year	**$**	**2,520,946**	$	2,192,923
Conversion of convertible debenture and accretion interest		**—**		333,086
Balance, end of period	**$**	**2,520,946**	$	2,526,009
Contributed Surplus				
Balance, beginning of year and end of period	**$**	**749,685**	$	731,785
Equity Component of Convertible Debentures				
Balance, beginning of year	**$**	**68,108**	$	128,048
Adjustment of equity component on conversion of convertible debenture (Note 4b)		**—**		(59,940)
Equity component of convertible debentures (Note 4b		**—**		**—**
Balance, end of period	**$**	**68,108**	$	68,108
Equity Component of Warrants				
Balance, beginning of year	**$**	**46,223**		—
Issue of warrants and conversion of convertible debenture (Note 4b)		—		39,260
Balance, end of period	**$**	**46,223**	$	39,260
Deficit				
Balance, beginning of year	**$**	**(3,900,087)**	$	(3,712,707)
Net loss and comprehensive loss for the period		**(69,777)**		(168,341)
Balance, end of period	**$**	**(3,969,864)**	$	(3,881,048)
Shareholders' Equity				
Balance, beginning of year	**$**	**(515,025)**	$	(659,951)
Conversion of convertible debenture		**—**		333,086
Adjustment of equity component of convertible debenture		**—**		(59,940)
Issue of warrants		**—**		39,260
Net Loss and Comprehensive Loss for the period		(69,777)		(168,341)
Balance, end of period	**$**	**(584,802)**	$	(515,886)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Applied Inventions Management Corp.
Unaudited Interim Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)

For the nine months ended		**May 31, 2018**		**May 31, 2017**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss and comprehensive loss	$	(69,777)	$	(168,341)
Interest and accretion accrued		60,746		109,938
		(9,031)		(58,403)
Working capital adjustment:				
Increase (decrease) in accounts payable and accrued liabilities		(45,693)		(9,709)
Decrease in Professional fees and expense recovery		11,938		—
Net cash flows used in operating activities		**(42,786)**		(68,112)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from shareholder		42,883		68,015
Net cash flows generated from financing activities		**42,883**		68,015
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**97**		(97)
Cash and cash equivalents, beginning of the year		**599**		726
Cash and cash equivalents, end of the period	**$**	**696**	$	629

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

1. NATURE OF BUSINESS GOING CONCERN

On August 29, 2014, the Company filed articles of amendment changing its name from Applied Inventions Management Inc. to Applied Inventions Management Corp.

Applied Inventions Management Corp. (the "Company") is incorporated under the laws of the Province of Ontario.

These unaudited consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will realize its net assets and discharge its liabilities in the normal course of business. The Company has minimal assets. Without financial support from directors or shareholders, the Company will not be able to discharge its liabilities in the normal course of business and there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern. The Company carries on the business of identification and evaluation of assets or businesses with a view to completing a potential acquisition.

The registered office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9.

The board of directors of the Company approved these unaudited interim consolidated financial statements on July 19, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURE

These unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are in compliance with IAS 34, Interim Financial Reporting.

These unaudited interim consolidated financial statements do not include all disclosures normally provided in annual financial statements for the year ended August 31, 2017. In management's opinion, the unaudited interim consolidated financial information includes all the adjustments necessary to present fairly such information. Interim results are not necessarily indicative of the results expected for the year. The unaudited interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended August 31, 2017 in accordance with International Financial Reporting Standards.

These unaudited interim consolidated financial statements are presented in Canadian dollars, which is the Company`s functional and reporting currency.

3. SHAREHOLDER ADVANCES AND DEBT SETTLEMENT

a) Shareholder Advances

Shareholder advances, principal plus accrued interest, include advances made by the shareholder on behalf of the Company since September 1, 2009. The advances bear interest at the rate of 10% per annum, are calculated on a monthly basis, are secured by a general security agreement and have no specified terms of repayment.

b) Debt Settlement - Voting Debentures

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and President of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the nominal principle amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the nominal principle amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principle amounts outstanding are due on April 27, 2018, the maturity date.

The secured Subordinate Voting Debenture and the Multiple Voting Debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the Subordinate Voting and Multiple Voting Debentures respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the Multiple Voting Debenture and accrued interest were converted into 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants.

On May 28, 2018 Subordinate Voting Debenture date was extended to October 27, 2020, on the same terms and conditions.

		Subordinate Voting Debenture		Multiple Voting Debenture
Nominal value of debentures issued	$	343,154	$	302,000
Equity Component		(68,108)		(59,940)
Liability component at date of issue	$	275,046	$	242,060
Conversion of interest to debenture value		71,496		—
Accretion		83,049		39,333
Conversion		—		(281,393)
Liability component at May 31, 2018	$	429,591	$	—

4. CAPITAL STOCK

a) Authorized:

Unlimited Class "A" Subordinate Voting Shares, convertible into an equal number of Class "B" shares at the option of the holder upon an offer to purchase all or substantially all of the Class "B" shares of the Company;

Unlimited Class "B" Multiple Voting (20 votes per share) Shares, convertible into an equal number of Class "A" Shares at the option of the holder;

Unlimited Class "C" Preference Shares.

a) Issued and outstanding:

	May 31, 2018		August 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Class "A" Subordinate Voting Shares	388,435	$ 1,106,187	388,435	$ 1,106,187
Class "B" Multiple Voting Shares	*7,839,599*	1,414,759	7,839,599	1,414,759
	8,228,034	$ 2,520,946	8,228,034	$ 2,520,946

b) Stock Options

On April 26, 2016, 150,000 options to purchase Class "A" shares were granted under the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021. The fair value of these stock purchase options granted was determined, at the time of grant using the Black-Scholes option pricing model, to be $745 (see Note 7 of the Company's audited consolidated statements as at August 31, 2017).

c) On October 27, 2017, the Company granted 600,000 options to its directors with an exercise price of $0.05 and an expiry date of October 27, 2022

5. RELATED PARTY TRANSACTIONS

a) The interest expense of $60,746 (2017 - $109,938) is due to the current controlling shareholder who is also a director and officer of the Company. Interest expense of $8,685 (2017 - $3,966) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $25,841 (2017 - $46,139) is interest accrued on the outstanding Subordinate and Multiple Voting Debentures.

b) As at May 31, 2018 the Company has Shareholder Loans due to the current controlling shareholder who is also an officer and director of the Company of a $140,624 (August 31, 2017 - $89,056) bearing interest at 10% per annum secured by a general security agreement.

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the principal amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the principal amount of $302,000 to WFE (Note 3b).

On May 30, 2017 WFE a company controlled by the controlling shareholder of the Company converted a secured Multiple Voting Debenture into 6,700,260, Multiple Voting units, at $0.05 per unit comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants totaling $335,013.

The conversion was accounted for as the elimination of the Multiple Voting Debenture liability with a transfer of the recorded liability and the equity component of the debenture to be paid in value of the Class "B" Multiple Voting Shares and detachable share purchase warrants (Note 3b).

(c) Included in accounts payable and accrued liabilities is $6,030 (August 31, 2017 - $24,200) related to the reimbursement of expenses and fees owed to an officer, director and current controlling shareholder.

6. EXCLUSIVITY AGREEMENT

a) On September 29, 2017, the Company entered into an exclusivity agreement (the "Exclusivity Agreement") to complete a business combination with a third party (the "Target"), resulting in a reverse takeover of the Company (the "Proposed Transaction"). During the exclusivity period which expired on December 31, 2017, the parties have agreed to negotiate a binding agreement to complete the Proposed Transaction. As part of the Exclusivity Agreement the Target agreed to pay certain expenses of the Company during the exclusivity period.

b) On December 31, 2017, the Exclusivity Agreement expired. Professional fees and expenses incurred by the Company amounting to $11,938 (2016- $nil) with respect to the Potential Transaction were recoverable from the third party and have been paid.

APPLIED INVENTIONS MANAGEMENT CORP.

Management Discussion and Analysis of Financial Conditions and Results of Operations for the nine month periods ended May 31, 2018 & 2017

This Management Discussion and Analysis (M.D. & A.) should be read in conjunction with Applied Inventions Management Corp.'s (the "Company") consolidated annual audited financial statements and the accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canada. All monetary amounts are expressed in Canadian dollars. Additional information regarding the Company is available on the SEDAR website at www.sedar.com

FORWARD - LOOKING INFORMATION

The M. D. & A. and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

DATE OF M. D. & A.

This M. D. & A. was prepared on July 19, 2018.

GENERAL OVERVIEW

On August 29, 2014, the Company filed articles of amendment changing its name from Applied Inventions Management Inc. to Applied Inventions Management Corp.

A cease trade order ("CTO") was imposed on the Company by the Ontario Securities Commission on February 20, 2001 for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three month period ended November 30, 2000. These consolidated financial statements were subsequently filed on Sedar by the Company.

On August 27, 2011, the Ontario Securities Commission issued a Revocation Order of the CTO. The Company is now seeking to complete a transaction that would allow the reinstatement of trading privileges on a recognized stock exchange.

Prior to 2002, the Company manufactured, marketed and distributed the SAVE swimming pool intrusion alarm.

The Company is in the process of reorganizing its affairs.

SELECTED ANNUAL INFORMATION

For the years ended August 31st	2016	2017
Sales	$Nil	$ Nil
Net Loss and Comprehensive Loss	($157,757)	($187,380)
Loss per share	($0.103)	($0.058)
Total Assets	$726	$599
Current Liabilities	$119,381	$515,624
Total Long Term Debt	$ Nil	$Nil
Cash Dividends	$ Nil	$ Nil
Deficit	($3,712,707)	($3,900,087)

RESULTS OF OPERATION AND QUARTERLY RESULTS

Applied Inventions Management Corp. has incurred administrative costs, professional fees and consulting fees associated with preparing and filing annual audited consolidated financial statements, unaudited interim consolidated financial statements and all other regulatory filing requirements and has continued to accrue interest on its interest bearing shareholder advances and its Multiple and Subordinate Voting Debentures. Professional fees incurred for the nine month period May 31, 2018 were $20,868 (May 31, 2017 - $58,218). Interest accrued on the secured demand Debentures, and Shareholder Advances was $60,746 (May 31, 2017 - $109,938). Bank charges were $101 during the nine month period ended May 31, 2018 (May 31, 2017 - $185).

	May 31 2018	Feb 28 2018	Nov 30 2017	Aug 31 2017	May 31 2017	Feb 28 2017	Nov 30 2016	Aug 31 2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total Revenue	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**	**$ NIL**
Net Loss and comprehensive loss	**($20,406)**	**($32,184)**	**($17,187)**	**($19,039)**	**($41,246)**	**($90,622)**	**($36,473)**	**($117,955)**
Net Loss per Share	**($0.002)**	**($0.004)**	**($0.002)**	**($0.002)**	**($0.026)**	**($0.059)**	**($0.024)**	**($0.077)**
Weighted average shares outstanding	**8,228,034**	**8,228,034**	**8,228,034**	**8,228,034**	**1,527,774**	**1,527,774**	**1,527,774**	**1,527,774**

LIQUIDITY

The Company has been dependent upon one of its shareholders who is an officer and director of the Company, to provide financing for ongoing administrative expenses and for costs of re- organizing the affairs of the Company. The shareholder, who is an officer and director of the Company, has indicated that he will continue to fund costs anticipated to be approximately $15,000 per annum. However, if the shareholder decides not to fund the ongoing costs, the Company will have to attempt to raise monies to fund ongoing operations from an alternative source. There is no assurance that the Company will be able to raise the required monies at competitive rates to continue operations.

As at May 31, 2018, Shareholder Advances payable which is owing to a principal shareholder who is also a director and officer of the Company was $140,624 (August 31, 2017 - $89,056) including accumulated interest advanced to the Company by the same Shareholder and bears interest at 10% per annum and is secured by a General Security Agreement.

FINANCIAL INSTRUMENTS

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash and professional fees expense recovery while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate voting debenture. Classified of these financial instruments is as follows:

Financial Instrument	**Classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Shareholder advances	Other liabilities
Subordinate and multiple voting debentures	Other liabilities

Cash is measured at level 1 of the fair value hierarchy. The Company does not have any financial instruments at level 2 or3 of the fair value hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Value based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

FINANCIAL RISK MANAGEMENT- LIQUIDITY RISK

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. The Company's financial instruments comprised of cash, accounts payable and accrued liabilities, Shareholder Advances and Subordinate and Multiple Voting Debentures, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks. Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at May 31, 2018 the Company had current liabilities of $585,498 (August 31, 2017 - $515,624) and assets of $ 696 (August 31, 2017 - $599). As a result, the Company has liquidity risk and is dependent on obtaining additional financing to meet its current obligations.

Interest rate risk includes the risk that future cash flows or fair value will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk on its debentures and shareholder loan payable which bear interest at a fixed rate.

The Company’s accounts payable outstanding for over 90 days amount to $6,030 (August 31, 2017 - $19,224).

CAPITAL RISK MANAGEMENT

The Company considers capital stock and deficit to represent capital. As at May 31, 2018 and August 31, 2017 the Company has a shareholders’ deficiency and management’s objective is to maintain its ability to continue as a going concern.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the nine month period ended May 31, 2018 and the year ended August 31, 2017.

OFF BALANCE SHEET ACTIVITIES

As at May 31, 2018, the Company had no off balance sheet financial commitments and does not anticipate entering into any contracts of such nature.

DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and President of the Company, and to WFE Investments Corp. (“WFE”), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured Subordinate Voting Debenture in the principle amount of $343,154 to the controlling shareholder and a first secured Multiple Voting Debenture in the principle amount of $302,000 to WFE. The debentures bear interest at a rate of 10% per annum. Interest is payable quarterly and the principle amounts outstanding are due on April 27, 2018, the maturity date.

The secured Subordinate Voting Debenture and the Multiple Voting Debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class “A” subordinate voting share and one Class “B” multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class “A” subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the Subordinate Voting and Multiple Voting Debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the Subordinate Voting and Multiple Voting Debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the Multiple Voting Debenture and accrued interest thereon was converted into 6,700,260 Class “B” Multiple Voting Units at $0.05 per unit comprising 6,700,260 Multiple Voting Shares and 6,700,260 Class “A” detachable share purchase warrants.

On May 28,2018 the Subordinate Convertible Voting Debenture date was extended to October 27, 2020 on the same terms and conditions.

	Subordinate Voting Debenture	Multiple Voting Debenture
Nominal value of debentures issued	$ 343,154	$ 302,000
Equity Component	(68,108)	(59,940)
Liability component at date of issue	$ 275,046	$ 242,060
Conversion of interest to debenture value	71,496	—
Accretion	83,049	39,333
Conversion	—	(281,393)
Liability component at May 31, 2018	$ 429,591	$ —

RELATED PARTY TRANSACTIONS

Transactions with related parties are listed below and incurred in the normal course of business and are measured at the exchange amount:

a) As at May 31, 2018 debenture interest expense, accretion expense and shareholder advances expense was $60,746 (May 31, 2017 - $109,938) and is due to the controlling shareholder who is a director and officer or to a company controlled by the controlling shareholder. Actual interest expense of $ 340 (May 31, 2017 - $50,105) has been accrued in respect of the Subordinate and the Multiple Voting Debentures.

b) As at May 31, 2018 the Company has Shareholder Loans due to the controlling shareholder, officer and director of the Company, consisting of $140,624 (August 31, 2017 - $89,056) advance bearing interest at 10% per annum, advances being secured by a General Security Agreement.

c) Included in accounts payable and accrued liabilities is $6,030 (August 31, 2017 - $16,030) for the reimbursement of fees and expenses owed to the controlling shareholder who is also a director and officer of the Company.

d) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him, or a Company controlled by the controlling shareholder.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's asset, liabilities, equity or earnings. There have been no judgments made by management in the application of IFRS that have a significant effect on the financial statements for the period ended May 31, 2018 and the year ended August 31, 2017. Actual results could differ from those estimates.

CONTROLS AND PROCEDURES

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurances that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

OUTSTANDING SHARE DATA

Common Shares

As at May 31 , 2018 the Company had 388,435 (August 31, 2016 - 388,435) Class "A" Subordinate Voting Shares and 7,839,599 (August 31, 2017 - 7,839,599) Class "B" Multiple Voting Shares issued and outstanding.

On May 30, 2017 the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260 Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants.

Stock Options and share purchase warrants

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "A" Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class "A" shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021. The fair value of the options granted of $745 is estimated at the time of the grant using the Black-Scholes option pricing model.

On May 30, 2017 6,700,260 Class "A" detachable share purchase warrants were issued. Each warrant shall entitle the holder to acquire one Class "A" subordinate voting share at $0.06 per share until two years from date of issue.

On October 27, 2017, the Company granted 600,000 options to its directors with an exercise price of $0.05 and an expiry date of October 27, 2022.

EXCUSIVITY AGREEMENT

Proposed Transaction

On September 29, 2017, the Company entered into an exclusivity agreement (the "Exclusivity Agreement") to complete a business combination with a third party (the "Target"), resulting in a reverse takeover of the Company (the "Proposed Transaction"). During the exclusivity period which expired on December 31, 2017, the parties agreed to negotiate a binding agreement to complete the Proposed Transaction. As part of the Exclusivity Agreement the Target agreed to pay certain expenses of the Company during the exclusivity period.

On December 31, 2017, the Exclusivity Agreement expired. Professional fees incurred by the Company amounting to $11,938 with respect to the Potential Transaction were recoverable from the third party and have been paid.

OFFICERS AND DIRECTORS

As at May 31, 2018 the officers and directors of the Company include:

Michael Stein	- President and Director
Gabriel Nachman FCPA, FCA	- Acting CFO, Director and Chair of Audit Committee
Nicholas Hariton	- Director
Barry Polisuk	- Director

ADDITIONAL INFORMATION

Additional information relating to the Company is available:

- On the Internet at the SEDAR website at www.sedar.com or,
- By contacting Michael Stein at 416-816-9690

FORM 52-109FV2
CERTIFICATION OF INTERIM FILINGS
VENTURE ISSUER BASIC CERTIFICATE

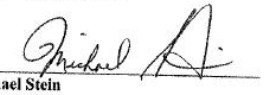
I, **MICHAEL STEIN**, Chief Executive Officer of **APPLIED INVENTIONS MANAGEMENT CORP.** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the **"Interim Filings"**) of **APPLIED INVENTIONS MANAGEMENT CORP.** (the **"Issuer"**) for the interim period ended May 31, **2018.**

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: July 24, 2018.



Michael Stein
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Issuer in its annual filings, Interim Filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP.

The Issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORM 52-109FV2
CERTIFICATION OF INTERIM FILINGS
VENTURE ISSUER BASIC CERTIFICATE

I, **GABRIEL NACHMAN,** *Acting* Chief Financial Officer of **APPLIED INVENTIONS MANAGEMENT CORP.** certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "**Interim Filings**") of **APPLIED INVENTIONS MANAGEMENT CORP.** (the "**Issuer**") for the interim period ended **May 31, 2018**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the Interim Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: July 24, 2018.

Gabriel Nachman
Acting Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Issuer in its annual filings, Interim Filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Issuer's GAAP.

The Issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

VIA ELECTRONIC TRANSMISSION

July 31, 2018

TO ALL APPLICABLE EXCHANGES AND COMMISSIONS:

RE: APPLIED INVENTIONS MANAGEMENT CORP
Confirmation of Notice of Record and Meeting Dates

We are pleased to confirm that Notice of Record and Meeting Dates was sent to The Canadian Depository for Securities.

We advise the following with respect to the upcoming Annual and Special Meeting of Security Holders for the subject issuer:

1	ISIN:	CA03821A1084 CA03821A2074
	CUSIP:	03821A108 03821A207
2	Date Fixed for the Meeting:	September 24, 2018
3	Record Date for Notice:	August 24, 2018
4	Record Date for Voting:	August 24, 2018
5	Beneficial Ownership Determination Date:	August 24, 2018
6	Classes or Series of Securities that entitle the holder to receive Notice of the Meeting:	CLASS A CLASS B
7	Classes or Series of Securities that entitle the holder to vote at the meeting:	CLASS A CLASS B
8	Business to be conducted at the meeting:	Annual and Special
9	Notice-and-Access:	
	Registered Shareholders:	NO
	Beneficial Holders:	NO
	Stratification Level:	Not Applicable
10	Reporting issuer is sending proxy-related materials directly to Non-Objecting Beneficial Owners:	YES
11	Issuer paying for delivery to Objecting Beneficial Owners:	NO

Yours truly,
TSX Trust Company

" Rosa Vieira "
Senior Relationship Manager
Rosa.Vieira@tmx.com
301 - 100 Adelaide Street West, Toronto, Ontario, M5H 4H1

VIA ELECTRONIC TRANSMISSION
September 19, 2018
TO ALL APPLICABLE EXCHANGES AND COMMISSIONS:

RE: **APPLIED INVENTIONS MANAGEMENT CORP**
Confirmation of Notice of Record and Meeting Dates

We are pleased to confirm that Notice of Record and Meeting Dates was sent to The Canadian Depository for Securities.

We advise the following with respect to the upcoming Annual and Special Meeting of Security Holders for the subject issuer:

1	ISIN:	CA03821A1084 CA03821A2074
	CUSIP:	03821A108 03821A207
2	Date Fixed for the Meeting:	November 6, 2018
3	Record Date for Notice:	October 5, 2018
4	Record Date for Voting:	October 5, 2018
5	Beneficial Ownership Determination Date:	October 5, 2018
6	Classes or Series of Securities that entitle the holder to receive Notice of the Meeting:	CLASS A CLASS B
7	Classes or Series of Securities that entitle the holder to vote at the meeting:	CLASS A CLASS B
8	Business to be conducted at the meeting:	Annual and Special
9	Notice-and-Access:	
	Registered Shareholders:	NO
	Beneficial Holders:	NO
	Stratification Level:	Not Applicable
10	Reporting issuer is sending proxy-related materials directly to Non-Objecting Beneficial Owners:	YES
11	Issuer paying for delivery to Objecting Beneficial Owners:	NO

Yours truly,
TSX Trust Company

" Rosa Vieira "
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NOT FOR DISSEMINATION IN THE UNITED STATES OR TO UNITED STATES NEWSWIRES

Applied Inventions Management Corp. and Acreage Holdings Announce Proposed Reverse Takeover

TORONTO and NEW YORK CITY - September 21, 2018 - Applied Inventions Management Corp. ("**Applied**") and High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("**Acreage Holdings**"), one of the United States' largest vertically integrated U.S. cannabis companies, announced today that they have entered into a definitive business combination agreement (the "**Combination Agreement**") pursuant to which, among other things, Acreage Holdings will complete a reverse take-over of Applied (the "**Proposed Transaction**") and the securityholders of Acreage Holdings will hold substantially all of the outstanding securities of Applied following the Proposed Transaction (the "**Resulting Issuer**").

"Following an extensive review of strategic options, we believe an RTO best positions our company to maximize the large footprint, operational depth and powerful consumer brands that we are building," said Acreage Holdings Founder and Chief Executive Officer, Kevin Murphy. "Accessing the capital markets will provide us additional financial resources to continue innovating, bringing consumers safe, predictable cannabis products, and providing them an exemplary customer experience."

Details of the Proposed Transaction

Pursuant to the Combination Agreement, and upon the satisfaction or waiver of the conditions set out therein, the following, among other things, will be completed in connection with the consummation of the Proposed Transaction:

- Applied will continue from the Province of Ontario into the Province of British Columbia and will: (i) subdivide its existing Class B multiple voting shares (the "**Class B Multiple Voting Shares**") on the basis of one and one-half (1.5) Class B Multiple Voting Shares for each Class B Multiple Voting Share issued and outstanding immediately prior thereto; (ii) consolidate its issued and outstanding Class A subordinate voting shares ("**Applied Class A Subordinate Voting Shares**") such that Acreage Holdings units are ultimately exchanged on a 1:1 basis for Resulting Issuer subordinated voting shares pursuant to the Proposed Transaction (the "**Consolidation**"); (iii) approve the adoption of Articles under the *Business Corporations Act* (British Columbia) which will effect the amendment of Applied's existing Articles to (A) amend the terms of the Applied Class A Subordinate Voting Shares such that they will have special rights and restrictions and be renamed "Class A Subordinate Voting Shares"; (B) create a new class of shares consisting of an unlimited number of "Class B Proportionate Voting Shares" having special rights and restrictions; (C) create a new class of shares consisting of an unlimited number of "Class C Multiple Voting Shares" having special rights and restrictions; (D) amend the terms of the existing Class B Multiple Voting Shares such that they will have the same special rights and restrictions as the Class A Subordinate Voting Shares pursuant to (A) above; and (E) delete the Corporation's Class C preference shares in their entirety; (iv) change its name to Acreage Holdings, Inc.; (v) appoint MNP LLP as auditors of Resulting Issuer; (vi) approve a new equity compensation plan; and (vii) change its financial year end to December 31 (collectively, all of the foregoing are referred to as the "**Shareholder Approval Matters**");

- holders of outstanding Acreage Holdings convertible debt will convert such indebtedness into Acreage Holdings units;
- certain Acreage Holdings unit holders (including the holders of Acreage Holdings convertible debt) will exchange their units of Acreage Holdings for Class A Subordinate Voting Shares, Class B Proportionate Voting Shares and/or Class C Multiple Voting Shares of the Resulting Issuer;
- all outstanding Acreage Holdings warrants will be amended for warrants of the Resulting Issuer; and
- the board of directors and management of the Resulting Issuer will be replaced with nominees of Acreage Holdings.

Following the completion of the Proposed Transaction, Mr. Kevin Murphy, the Chief Executive Officer of Acreage Holdings and the anticipated Chief Executive Officer of the Resulting Issuer will own all of the outstanding Class C Multiple Voting Shares of Acreage Holdings, Inc., which is anticipated to represent up to approximately 86.2% of the total votes ascribed to all of the Resulting Issuer's outstanding shares.

The Proposed Transaction is expected to close in November of 2018 and is subject to the conditions set out in the Combination Agreement, including obtaining the requisite approval of Acreage Holdings' and Applied's securityholders. Acreage Holdings and Michael Stein, the President and Chief Executive Officer of Applied and the holder of 20,337 Class A Subordinate Voting Shares and 7,637,678 Class B Multiple Voting Shares, have entered into a lock-up agreement, which provides that, among other things, Mr. Stein will vote all of his securities in favour of the Shareholder Approval Matters and will take all steps reasonably requested by Acreage Holdings to facilitate the completion of the Proposed Transaction.

Acreage Holdings currently intends to complete a concurrent private placement (the "**Acreage Financing**") of subscription receipts (the "**Acreage Subscription Receipts**") through a special purpose vehicle to accredited investors. Acreage Holdings has engaged Canaccord Genuity LLC, a leading Canadian independent investment dealer, to act as lead agent and sole bookrunner in connection with the Acreage Financing. The Acreage Subscription Receipts are proposed to ultimately be exchanged, upon the satisfaction of certain conditions, for Resulting Issuer Class A Subordinate Voting Shares in connection with the Proposed Transaction on a one-for-one (post- Consolidation) basis.

Pursuant to the Proposed Transaction, the Applied securityholders immediately prior to the completion of the Proposed Transaction will hold post-Consolidation Applied Class A Subordinate Voting Shares with a value, based on the Acreage Financing price, of CAD$1.5 million. Further details of the Proposed Transaction will be included in disclosure documents (which will include business and financial information in respect of Acreage Holdings) to be filed by Applied in connection with the Proposed Transaction. It is anticipated that a special shareholders' meeting of Applied to approve, among other matters, the Shareholder Approval Matters and any other necessary matters in connection with the Proposed Transaction, will take place on November 6, 2018.

Management and Organization

Following the closing of the Proposed Transaction, the Resulting Issuer will be led by Kevin Murphy, Chief Executive Officer and Chairman of the Board, George Allen, President and Glen Leibowitz, Chief Financial Officer. The Resulting Issuer's board of directors (the "**Board**") is expected to be comprised of six representatives, all of whom will be nominated by Acreage Holdings. In addition to Mr. Murphy, Board seats will be filled by current Acreage Holdings Board of Advisors members, former Speaker of the U.S. House of Representatives, John Boehner and former Massachusetts Governor, Bill Weld.

Listing

An application has been made to list the Resulting Issuer's subordinate voting shares on the Canadian Securities Exchange (the "**Exchange**") upon completion of the Proposed Transaction. The listing will be subject to satisfying all of the Exchange's initial listing requirements.

About Acreage Holdings

Acreage Holdings is a vertically integrated, multi-state owner of cannabis licenses and assets in states where either medical and/or adult use of cannabis is legal. Headquartered in New York, Acreage Holdings owns or operates cultivation, processing and dispensary operations and has one of the largest footprints of any cannabis company in the U.S. Acreage Holdings is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

For further information please contact:

Applied Inventions Management Corp.

Michael Stein, President & CEO
Telephone: (416) 410-7722
michael.stein@rogers.com

Acreage Holdings

Communications Contact:
Lewis Goldberg / Jon Goldberg
KCSA Strategic Communications
212-896-1282
Acreage@kcsa.com

Company Contact:
Howard Schacter
Head of Communications
917-579-0727
h.schacter@acreageholdings.com

As noted above, completion of the Proposed Transaction is subject to a number of conditions, including but not limited to the Subordinate Voting Shares of the Resulting Issuer listing on the Canadian Securities Exchange; however, there can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular of Applied or the listing statement of the Resulting Issuer to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon.

Neither the Canadian Securities Exchange nor any securities regulatory authority has in any way passed upon the merits of the Proposed Transaction nor accepts responsibility for the adequacy or accuracy of this news release.

This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities under the Acreage Financing in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only Applied's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Applied's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein may include, but are not limited to, information concerning the Proposed Transaction and the Acreage Financing, expectations regarding whether the Proposed Transaction will be consummated, including whether conditions to the consummation of the Proposed Transaction will be satisfied, the timing for holding the annual general and special meeting of shareholders of Applied and the timing for completing the Proposed Transaction, expectations for the effects of the Proposed Transaction or the ability of the combined company to successfully achieve business objectives, expectations regarding whether the Acreage Financing will be consummated, and expectations for other economic, business, and/or competitive factors.

By identifying such information and statements in this manner, Applied is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Applied to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, Applied has made certain assumptions. Among the key factors that could cause actual results to differ materially from those projected in the forward- looking information and statements are the following: the ability to consummate the Proposed Transaction and the Acreage Financing; the ability to obtain requisite regulatory and securityholder approvals and the satisfaction of other conditions to the consummation of the Proposed Transaction on the proposed terms and schedule; the ability to satisfy the conditions to the consummation of the Acreage Financing or to the conversion of the Acreage Subscription Receipts; the potential impact of the announcement or consummation of the Proposed Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the Proposed Transaction and the Acreage Financing. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

Although Applied believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and Applied does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward- looking information and statements attributable to Applied or persons acting on its behalf is expressly qualified in its entirety by this notice.

# # #

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Applied Inventions Management Corp. ("**Applied**" or the "**Company**")
1 Adelaide Street East, Suite 801
Toronto, ON M5C 2V9

Item 2. Date of Material Change

September 21, 2018

Item 3. News Release

News releases disseminated on September 21, 2018 via a Canadian news wire service and filed on SEDAR.

Item 4. Summary of Material Change

Applied and High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("**Acreage Holdings**") announced that they have entered into a definitive business combination agreement (the "**Combination Agreement**") pursuant to which, among other things, Acreage Holdings will complete a reverse take-over of Applied (the "**Proposed Transaction**") and the securityholders of Acreage Holdings will hold substantially all of the outstanding securities of Applied following the Proposed Transaction (the "**Resulting Issuer**").

Item 5. Full Description of Material Change

Details of the Proposed Transaction:

Pursuant to the Combination Agreement, and upon the satisfaction or waiver of the conditions set out therein, the following, among other things, will be completed in connection with the consummation of the Proposed Transaction:

- Applied will continue from the Province of Ontario into the Province of British Columbia and will: (i) subdivide its existing Class B multiple voting shares (the "**Class B Multiple Voting Shares**") on the basis of one and one- half (1.5) Class B Multiple Voting Shares for each Class B Multiple Voting Share issued and outstanding immediately prior thereto; (ii) consolidate its issued and outstanding Class A subordinate voting shares ("**Applied Class A Subordinate Voting Shares**") such that Acreage Holdings units are ultimately exchanged on a 1:1 basis for Resulting Issuer subordinated voting shares pursuant to the Proposed Transaction (the "**Consolidation**"); (iii) approve the adoption of Articles under the *Business Corporations Act* (British Columbia) which will effect the amendment of Applied's existing Articles to amend the terms of the Applied Class A Subordinate Voting Shares such that they will have special rights and restrictions and be renamed "Class A Subordinate Voting Shares"; (B) create a new class of shares consisting of an unlimited number of "Class B Proportionate Voting Shares" having special rights and restrictions; (C) create a new class of shares consisting of an unlimited number of "Class C Multiple Voting Shares" having special rights and restrictions; (D) amend the terms of the existing Class B Multiple Voting Shares such that they will have the same special rights and restrictions as the Class A Subordinate Voting Shares pursuant to (A) above; and (E) delete the Corporation's Class C preference shares in their entirety; (iv) change its name to Acreage Holdings, Inc.; (v) appoint MNP LLP as auditors of Resulting Issuer; (vi) approve a new equity compensation plan; and (vii) change its financial year end to December 31 (collectively, all of the foregoing are referred to as the "**Shareholder Approval Matters**");

- holders of outstanding Acreage Holdings convertible debt will convert such indebtedness into Acreage Holdings units;
- certain Acreage Holdings unit holders (including the holders of Acreage Holdings convertible debt) will exchange their units of Acreage Holdings for Class A Subordinate Voting Shares, Class B Proportionate Voting Shares and/or Class C Multiple Voting Shares of the Resulting Issuer;
- all outstanding Acreage Holdings warrants will be amended for warrants of the Resulting Issuer; and
- the board of directors and management of the Resulting Issuer will be replaced with nominees of Acreage Holdings.

Following the completion of the Proposed Transaction, Mr. Kevin Murphy, the Chief Executive Officer of Acreage Holdings and the anticipated Chief Executive Officer of the Resulting Issuer will own all of the outstanding Class C Multiple Voting Shares of Acreage Holdings, Inc., which is anticipated to represent up to approximately 86.2% of the total votes ascribed to all of the Resulting Issuer's outstanding shares.

The Proposed Transaction is expected to close in November of 2018 and is subject to the conditions set out in the Combination Agreement, including obtaining the requisite approval of Acreage Holdings' and Applied's securityholders. Acreage Holdings and Michael Stein, the President and Chief Executive Officer of Applied and the holder of 20,337 Class A Subordinate Voting Shares and 7,637,678 Class B Multiple Voting Shares, have entered into a lock-up agreement, which provides that, among other things, Mr. Stein will vote all of his securities in favour of the Shareholder Approval Matters and will take all steps reasonably requested by Acreage Holdings to facilitate the completion of the Proposed Transaction.

Acreage Holdings currently intends to complete a concurrent private placement (the "**Acreage Financing**") of subscription receipts (the "**Acreage Subscription Receipts**") through a special purpose vehicle to accredited investors. Acreage Holdings has engaged Canaccord Genuity LLC, a leading Canadian independent investment dealer, to act as lead agent and sole bookrunner in connection with the Acreage Financing. The Acreage Subscription Receipts are proposed to ultimately be exchanged, upon the satisfaction of certain conditions, for Resulting Issuer Class A Subordinate Voting Shares in connection with the Proposed Transaction on a one-for-one (post-Consolidation) basis.

Pursuant to the Proposed Transaction, the Applied securityholders immediately prior to the completion of the Proposed Transaction will hold post-Consolidation Applied Class A Subordinate Voting Shares with a value, based on the Acreage Financing price, of CAD$1.5 million. Further details of the Proposed Transaction will be included in disclosure documents (which will include business and financial information in respect of Acreage Holdings) to be filed by Applied in connection with the Proposed Transaction. It is anticipated that a special shareholders' meeting of Applied to approve, among other matters, the Shareholder Approval Matters and any other necessary matters in connection with the Proposed Transaction, will take place on November 6, 2018.

Management and Organization

Following the closing of the Proposed Transaction, the Resulting Issuer will be led by Kevin Murphy, Chief Executive Officer and Chairman of the Board, George Allen, President and Glen Leibowitz, Chief Financial Officer. The Resulting Issuer's board of directors (the "**Board**") is expected to be comprised of six representatives, all of whom will be nominated by Acreage Holdings. In addition to Mr. Murphy, Board seats will be filled by current Acreage Holdings Board of Advisors members, former Speaker of the U.S. House of Representatives, John Boehner and former Massachusetts Governor, Bill Weld.

Listing

An application has been made to list the Resulting Issuer's subordinate voting shares on the Canadian Securities Exchange (the "**Exchange**") upon completion of the Proposed Transaction. The listing will be subject to satisfying all of the Exchange's initial listing requirements.

Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not Applicable.

Item 7. Omitted Information

No information has been omitted from this Material Change Report.

Item 8. Senior Officer

The following senior officer of the Company is knowledgeable about the material change and the Material Change Report, and may be contacted by the Commission as follows:

Michael Stein, President Telephone: 416-410-7722

Item 9. Date of Report

October 1, 2018.

LOCK-UP AGREEMENT

This LOCK-UP AGREEMENT (this "**Agreement**") is dated as of September 21, 2018, by and between High Street Capital Partners, LLC, a limited liability company incorporated under the laws of the State of Delaware ("**Acreage**") and Michael Stein ("**Shareholder**").

WHEREAS, Acreage desires to enter into a business combination agreement (the "**Business Combination Agreement**") dated as of the date hereof, providing for, among other things, a reverse takeover transaction (the "**Transaction**") pursuant to which Applied Inventions Management Corp. (the "**Company**") will acquire a significant interest in Acreage in exchange for the issuance of certain shares in the capital of the Company to the current holders of Acreage securities in accordance with the provisions of the Business Combination Agreement;

WHEREAS to complete certain steps related to the Transaction and the listing of the resulting issuer's subordinate voting shares (the "**Listing**") on the Canadian Securities Exchange (the "**CSE**"), all as contemplated in the Business Combination Agreement, including *inter alia* the Reorganization, election of a new board of directors of the Company, the adoption of the New Incentive Plan, the approval of the Company's shareholders is required (the "**Shareholder Approval Matters**");

WHEREAS, Shareholder owns or has the right to vote certain Class A subordinate voting shares (the "**Class A shares**") and certain Class B multiple voting shares (the "**Class B Shares**") in the capital of the Company and certain securities convertible into or exchangeable for Class A Shares and/or Class B Shares each of which are identified on Exhibit A hereto (such Shares and convertible securities, together with any other Shares or options or other capital stock, stock option or other equity award, warrant, convertible debt or similar instrument of the Company now beneficially owned, controlled or directed by Shareholder, or that the Shareholder acquires beneficial ownership, control or direction of after the date hereof, being referred to herein as the "**Shares**"); and

WHEREAS, as a condition to its willingness to enter into the Business Combination Agreement, Acreage requires that the Shareholder enter into this Agreement.

NOW, THEREFORE, in consideration of the promises, representations, warranties and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Section 1. Agreement to Vote Shares. Prior to the Expiration Date (as defined in Section 7), at each meeting of shareholders of the Company, or at any adjournment or postponement thereof, or in connection with any written consent of all or any portion of the shareholders of the Company, Shareholder shall:

(a) appear at each such meeting, in person or by proxy, and thereby cause the Shares to be counted as present thereat for purposes of calculating a quorum;

(b) from and after the date hereof until the Expiration Date, vote (or cause to be voted), in person or by proxy, or deliver an executed written consent (or cause an executed consent to be delivered) with respect to, all the Shares entitled to be voted at any meeting of shareholders of the Company (whether acquired heretofore or hereafter) that are beneficially owned by Shareholder, or as to which Shareholder has, directly or indirectly, the right to vote or direct the voting, (i) in favour of each of the Shareholder Approval Matters; (ii) for any matter reasonably necessary for consummation of the Transaction and the Listing; and (iii) against any proposed action by the Company or any other person the result of which would be reasonably expected to impede, interfere with or delay the completion of the transactions contemplated by the Business Combination Agreement.

Section 2. Other Covenants of Shareholder. Prior to the Expiration Date, the Shareholder hereby agrees that, except for all such actions which are otherwise permitted hereunder, it shall:

(a) not, directly or indirectly, exercise any securityholder rights or remedies available to the Shareholder, whether arising under statute, at common law or otherwise, to impede, frustrate, nullify, prevent, hinder, delay, upset or challenge the Transaction or the Shareholder Approval Matters, including any dissent or appraisal rights or any similar rights available to the Shareholder in respect of the Transaction or the Shareholder Approval Matters;

(b) not solicit, initiate, assist, knowingly encourage or otherwise facilitate (including by way of entering into any agreement, arrangement or understanding), any inquiry, proposal or offer relating to any transaction involving the Company or any of its assets other than as set out in the Business Combination Agreement;

(c) not participate in any discussions or negotiations regarding any transaction involving the Company or any of its assets with any person other than discussions with Acreage regarding the matters set out in the Business Combination Agreement;

(d) not directly or indirectly, support or vote in favour of any transaction involving the Company or accept or enter, deposit or tender into, or publicly propose to accept or enter, deposit or tender into, any letter of intent, agreement, arrangement or understanding related to any transaction, other than the Business Combination with Acreage;

(e) not solicit proxies or become a participant in a solicitation in opposition to or competition with Acreage or the Company in connection with the Transaction and/or the Shareholder Approval Matters; and

(f) not, directly or indirectly, take any other action of any kind which would reasonably be expected to reduce the likelihood of, or interfere with, the completion of the transactions contemplated in the Business Combination Agreement, including the approval and implementation of the Shareholder Approval Matters.

Section 3. No Inconsistent Agreements. Shareholder shall not enter into any voting agreement or grant a proxy or power of attorney with respect to the Shares that is inconsistent with Shareholder's obligations under this Agreement.

Section 4. No Transfers. From and after the date hereof until the Expiration Date and except as contemplated by this Agreement or the Business Combination Agreement, Shareholder shall not, directly or indirectly, sell, transfer, pledge, assign or otherwise dispose of, or enter into any contract, option, commitment or other arrangement or understanding with respect to the sale, transfer, pledge, assignment or other disposition of, any of the Shares, except the following transfers shall be permitted: (a) transfers by operation of law, in which case this Agreement shall bind the transferee, (b) the transfer of up to 2,000,000 Shares provided that the transferees (the "**Shareholder's Transferees**") shall sign and deliver a lock-up agreement substantially in the form of this Agreement prior to or upon such transfer, and (c) such transfers as Acreage may otherwise approve in writing, in its sole discretion. Any transfer or other disposition in violation of the terms of this Section 4 shall be null and void.

Section 5. Representations and Warranties of Shareholder. Shareholder represents and warrants to Acreage as follows:

(a) Shareholder has all requisite capacity and authority to enter into and perform his obligations under this Agreement.

(b) This Agreement has been duly executed and delivered by Shareholder, and constitutes a valid and legally binding obligation of Shareholder enforceable against Shareholder in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally and to general principles of equity, whether applied in a court of law or a court of equity).

(c) The execution and delivery of this Agreement by Shareholder does not, and the performance by Shareholder of his obligations hereunder and the consummation by Shareholder of the transactions contemplated hereby will not, violate or conflict with, or constitute a default under, any agreement, instrument, contract or other obligation or any order, arbitration award, judgment or decree to which Shareholder is a party or by which Shareholder is bound, or any statute, rule or regulation to which Shareholder is subject or, in the event that Shareholder is a corporation, partnership, trust or other entity, any charter, bylaw or other organizational document of Shareholder.

(d) Shareholder is the beneficial owner of and has good title to all of the Shares set forth on Exhibit A hereto, and the Shares are so owned free and clear of any liens, security interests, charges or other encumbrances. Shareholder has not granted an option or pre-emptive right to any person to acquire any of the Shares. Shareholder does not own, of record or beneficially, any shares of capital stock, or any options, convertible debt, warrants or other rights to acquire capital stock, of the Company other than the Shares. Shareholder has the right to vote the Shares, and none of the Shares is subject to any voting trust or other agreement, arrangement or restriction with respect to the voting of the Shares, except as contemplated by this Agreement.

(e) There is no claim, action, proceeding, or investigation pending or, to the knowledge of the Shareholder, threatened against or relating to the Shareholder before any court or governmental or regulatory authority or body and the Shareholder is not subject to any outstanding order, writ, injunction, or decree that, if determined adversely, would prohibit the Shareholder from performing his obligations hereunder.

(f) Shareholder and the Shareholder's Transferees will hold Shares representing a sufficient number of votes to approve each of the Shareholder Approval Matters (assuming all shareholders vote on the Shareholder Approval Matters).

(g) Shareholder and the Shareholder's Transferees will hold Shares of each class of issued and outstanding Shares representing a sufficient number of votes to approve each of the Shareholder Approval Matters (assuming all shareholders vote on the Shareholder Approval Matters).

Section 6. Specific Performance; Remedies; Attorney's Fees. Shareholder acknowledges that it will be impossible to measure in money the damage to Acreage if Shareholder fails to comply with the obligations imposed by this Agreement and that, in the event of any such failure Acreage will not have an adequate remedy at law or in equity. Accordingly, Shareholder agrees that injunctive relief or other equitable remedy, in addition to remedies at law or in damages, is the appropriate remedy for any such failure and will not oppose the granting of such relief on the basis that Acreage has an adequate remedy at law. Shareholder further agrees that Shareholder will not seek, and agrees to waive any requirement for, the securing or posting of a bond in connection with Acreage seeking or obtaining such equitable relief. Shareholder also agrees that if Shareholder fails to comply in any material respect with the obligations imposed by this Agreement, Shareholder shall pay to Acreage all reasonable costs and expenses (including attorneys' fees) in connection with enforcing its rights under this Agreement.

Section 7. Term of Agreement; Termination. As used in this Agreement, the term "**Expiration Date**" shall mean the earlier of the mutual written agreement of the parties hereto or such date and time as the Business Combination Agreement shall be terminated in accordance with its terms. Upon termination or expiration of this Agreement, no party shall have any further obligations or liabilities hereunder; provided, however, such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination.

Section 8. Alternative Form of Transaction. If Acreage determines that it is necessary or desirable to proceed with another form of transaction whereby the Compamy would acquire all or substantially all of the shares or all or substantially all of the assets of Acreage or a transaction that would result in substantially the same result as the Transaction, and that provides for economic terms which, in relation to the Shareholder, on an after-tax basis, are at least equivalent to or better than those contemplated by the Business Combination Agreement (any such transaction, an "**Alternative Transaction**"), then the Shareholder shall support the completion of such Alternative Transaction. If any Alternative Transaction involves a meeting or meetings of the shareholders, the Shareholder shall vote in favour of any matters necessary or ancillary to the completion of the Alternative Transaction. In the event of any proposed Alternative Transaction, the references in this Agreement to the Transaction shall be deemed to be changed to "Alternative Transaction" and all provisions of this Agreement shall be and shall be deemed to have been made in the context of the Alternative Transaction.

Section 9. Further Agreements. By its execution of this Agreement (a) Shareholder acknowledges that he has been afforded the opportunity to consult with his legal and financial advisors with respect to its investment decision to execute this Agreement, and (b) Shareholder acknowledges that he has been afforded the opportunity to discuss the Business Combination Agreement with representatives of Company. Shareholder further acknowledges that he has otherwise investigated this matter to its full satisfaction and will not seek rescission or revocation of this Agreement or seek to withdraw or revoke any vote, irrevocable proxy or irrevocable instruction delivered by him or on behalf of any entity controlled by him in connection therewith.

Section 10. Entire Agreement; Amendments. This Agreement supersedes all prior agreements, written or oral, among the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This Agreement may not be amended, supplemented or modified, and no provisions hereof may be modified or waived, except by an instrument in writing signed by each party hereto. No waiver of any provision hereof by either party shall be deemed a waiver of any other provision hereof by any such party, nor shall any such waiver be deemed a continuing waiver of any provision hereof by such party.

Section 11. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party's anticipated benefits under this Agreement.

Section 12. Further Assurances. Shareholder shall, and shall cause any entity under his control and direction, from time to time, execute and deliver, or cause to be executed and delivered, such additional or further consents, documents and other instruments as Acreage may reasonably request for the purpose of effectively carrying out the transactions contemplated by this Agreement.

Section 13. Governing Law. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to any principles of conflict of laws thereof which would result in the application of the laws of any other jurisdiction.

Section 14. Jurisdiction. Each of the parties hereto (i) consents to submit itself to the personal jurisdiction of the courts of the Province of Ontario or, if under applicable law exclusive jurisdiction over such matter is vested in the federal courts, any court of Canada located in the Province of Ontario, in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (ii) agrees that he or it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (iii) agrees that he or it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts of the Province of Ontario or, if under applicable law exclusive jurisdiction over such matter is vested in the federal courts, any court of Canada located in the Province of Ontario, and (iv) to the fullest extent permitted by law, consents to service being made through the notice procedures set forth in this Agreement. Each of the parties hereto hereby agrees that, to the fullest extent permitted by law, service of any process, summons, notice or document by registered mail to the respective addresses set forth in this Agreement shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby.

Section 15. Disclosure. The parties acknowledge and agree that (a) the terms of this Agreement may be publicly disclosed pursuant to the press release announcing the Transaction and pursuant to applicable securities law filings of the parties or the Company, and (b) this Agreement may be filed with applicable securities law filings. Each party, to the extent that such party is responsible for the press release or filing, shall ensure that the description of this Agreement in such press release or filing is accurate.

Section 16. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Acreage, to:

High Street Capital Partners, LLC
366 Madison Avenue, 11th Floor
New York, NY 10017

Attention: James Doherty, General Counsel
Email: j.doherty@acreageholdings.com

(b) if to Shareholder, to:

1 Adelaide Street East, Suite 801
Toronto, Ontario
M5C 2V9

Attention: Michael Stein
Email: michael.stein@rogers.com

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, and may be delivered originally, by facsimile or by Portable Document Format ("PDF") and each such original, facsimile copy, or PDF copy, when so executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first written above.

High Street Capital Partners, LLC

By: *"James Doherty"*
James Doherty
General Counsel

"Michael Dolphin"
Witness Name:

"Michael Stein"
Michael Stein

EXHIBIT A

SHARES BENEFICIALLY OWNED BY SHAREHOLDER

Shares	Other Securities
20,337 subordinate voting shares	6,700,260 warrants (subordinate voting shares)
7,637,678 multiple voting shares	414,642 principal amount of convertible debenture (plus interest), convertible into approximately 8,292,840 subordinate voting shares and 8,292,840 warrants.

Exhibit 99.28

Execution Copy

BUSINESS COMBINATION AGREEMENT

AMONG

APPLIED INVENTIONS MANAGEMENT CORP.

- and -

HIGH STREET CAPITAL PARTNERS, LLC

- and -

ACREAGE FINCO B.C. LTD.

- and -

HSCP MERGER CORP.- and -

- and -

ACREAGE HOLDINGS AMERICA, INC

.- and -

ACREAGE HOLDINGS WC, INC.

DATED: SEPTEMBER 21, 2018

CAN: 28037112.10

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BUSINESS COMBINATION AGREEMENT

THIS AGREEMENT dated September 21, 2018 is made

AMONG:

APPLIED INVENTIONS MANAGEMENT CORP., a corporation existing under the laws of the Province of Ontario,

(hereinafter referred to as "**AIM**"),

- and -

HIGH STREET CAPITAL PARTNERS, LLC, a limited liability company existing under the laws of Delaware,

(hereinafter referred to as "**Acreage**"),

- and -

ACREAGE FINCO B.C. LTD., a corporation existing under the laws of the Province of British Columbia,

(hereinafter referred to as "**Finco**"),

- and -

HSCP MERGER CORP., a corporation existing under the laws of the Province of British Columbia,

(hereinafter referred to as "**Subco**"),

- and -

ACREAGE HOLDINGS AMERICA, INC., a corporation existing under the laws of Delaware,

(hereinafter referred to as "**USCo1**"),

- and -

ACREAGE HOLDINGS WC, INC., a corporation existing under the laws of Nevada,

(hereinafter referred to as "**USCo2**").

WHEREAS AIM proposes to complete a reorganization comprised of (i) the Consolidation (as hereinafter defined); (ii) the Subdivision (as hereinafter defined); (iii) Share Amendments (as hereinafter defined), which, among other things, amend its authorized share capital to include Subordinate Voting Shares and Multiple Voting Shares; (iv) the Name Change; and (v) the Continuance (collectively, the "**Reorganization**").

AND WHEREAS the Parties (as hereinafter defined) have agreed, subject to the satisfaction of certain conditions precedent, that AIM (following completion of the Reorganization), Finco and Subco will carry out a three-cornered Amalgamation (as hereinafter defined) pursuant to the statutory procedure under Section 269 of the BCBCA (as hereinafter defined) pursuant to which, among other things:

(i) each Subco Share (as hereinafter defined) will be exchanged for one Amalco Share (as hereinafter defined); and

(ii) each Finco Share (as hereinafter defined) held by Finco Shareholders (as hereinafter defined), after cancellation of the Initial Finco Share, will be exchanged for one Subordinate Voting Share (as hereinafter defined);

AND WHEREAS the Parties have agreed, subject to the satisfaction of certain conditions precedent, to, in connection with the Amalgamation, carry out a share exchange (the "**Share Exchange**") pursuant to which: (i) the Class A common shares of USCo1 held by all holders of USCo1 Class A common shares will be contributed to AIM in exchange for an aggregate of approximately 9,775,367 Subordinate Voting Shares, (ii) the Class B common shares of USCo1 held by all holders of USCo1 Class B common shares will be contributed to AIM in exchange for an aggregate of approximately 1,308,220 Proportionate Voting Shares, and (iii) the Class C common shares of USCo1 then held by the Acreage Founder along with approximately $205,000 will be contributed to AIM by the Acreage Founder in exchange for 150,000 Multiple Voting Shares;

AND WHEREAS, immediately following the Effective Time, (i) the changes to the board of directors of AIM contemplated in Section 1.12, and (ii) the adoption of a new equity and share-based incentive plan acceptable to Acreage (the "**New Incentive Plan**"), in its sole discretion, will each become effective;

NOW THEREFORE, in consideration of the mutual benefits to be derived from the Business Combination and the representations and warranties, conditions and promises herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
GENERAL

1.1 Defined Terms

Capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in Schedule A.

1.2 Business Combination - Reorganization

Prior to the Effective Time and as soon as reasonably practicable, AIM shall take all necessary steps to give effect to and implement the Consolidation, the Name Change, the Share Amendments, the Subdivision, and the Continuance upon and subject to the terms of this Agreement. AIM will have a valuation of $1,500,000 on a fully-diluted basis, including the conversion of all outstanding convertible or exchangeable indebtedness and securities, including the AIM Stock Options, AIM Warrants and AIM Convertible Debenture. Prior to the completion of the Consolidation, each of the AIM Stock Options, AIM Warrants, AIM Convertible Debentures and all convertible or exchangeable indebtedness of AIM shall be converted, exchanged or extinguished for no consideration.

1.3 Business Combination - Financing of Finco

Finco proposes to complete an offering of subscription receipts (the "**Subscription Receipts**") for gross proceeds of up to USD $200 million. Certain investors will invest cash for the Subscription Receipts, with each Subscription Receipt representing the right of the holder thereof to receive, in certain circumstances set forth in the terms attached to the Subscription Receipts, one Finco Share, without any further act or formality, and for no additional consideration.

1.4 Business Combination - USCo1 and USCo2 Contributions

Prior to the Amalgamation:

(a) Acreage will use its commercially reasonable efforts to cause:

(i) each of the holders of Acreage Convertible Securities to convert in exchange for Class A units of Acreage;

(ii) each of the holders of Acreage units (other than USCo1, holders of Acreage Class B units, Class C units and Profit Interests and the Future USCo2 Holders) to contribute their Acreage units to USCo1 in exchange for USCo1 voting common shares; and

(iii) each of the Future USCo2 Holders to contribute their units of Acreage to USCo2 in exchange for non-voting redeemable common shares of USCo2.

1.5 Business Combination - Exchange of Subscription Receipts

Immediately prior to the Effective Time:

(a) the Subscription Receipts will automatically be exchanged for common shares of Finco pursuant to the terms and conditions of the Subscription Receipts and the Subscription Receipt Agreement, and

(b) the Initial Finco Share will be cancelled for no consideration.

1.6 Business Combination - Amalgamation

(a) Finco and Subco agree to effect the combination of their respective businesses and assets by way of a "three-cornered amalgamation" among AIM, Subco and Finco, pursuant to a statutory amalgamation under Section 269 of the BCBCA.

(b) AIM has called the AIM Meeting and will prepare and mail the AIM Circular, in a form, and with content, acceptable to Acreage, to the AIM Shareholders. AIM shall not amend or supplement the AIM Circular without the prior written consent of Acreage, with such consent not to be unreasonably withheld or delayed.

(c) (i) Finco will obtain the written consent resolution of the Finco Shareholder approving the Amalgamation; and (ii) AIM will execute a written consent resolution approving the Subco Amalgamation Resolution.

(d) AIM shall complete the Continuance, concurrent with which the Consolidation, the Subdivision and the Share Amendments shall be completed.

(e) Following the Continuance, and upon completion of the Name Change, Subco and Finco shall jointly complete and file the Amalgamation Application with the British Columbia Registrar of Companies under the BCBCA.

(f) Upon the issue of a Certificate of Amalgamation giving effect to the Amalgamation, Subco and Finco shall be amalgamated and shall continue as one corporation effective on the date of the Certificate of Amalgamation (the "**Effective Date**") under the terms and conditions prescribed in the Amalgamation Agreement.

(g) At the Effective Time and as a result of the Amalgamation:

(i) each holder of Finco Shares shall receive one fully paid and non-assessable Subordinate Voting Share for each Finco Share held, following which all such Finco Shares shall be cancelled;

(ii) AIM shall receive one fully paid and non-assessable Amalco Share for each one Subco Share held by AIM, following which all such Subco Shares shall be cancelled;

(iii) each holder of Finco Broker Warrants shall receive one AIM Broker Warrant for each Finco Broker Warrant held, following which all such Finco Broker Warrants shall be cancelled;

(iv) in consideration of the issuance of Subordinate Voting Shares pursuant to Section 1.6(g)(i), Amalco shall issue to AIM one Amalco Share for each Subordinate Voting Share issued;

(v) AIM shall add to the capital maintained in respect of the Subordinated Voting Shares an amount equal to the aggregate paid-up capital for purposes of the ITA of the Finco Shares immediately prior to the Effective Time;

(vi) Amalco shall add to the capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the ITA of the Subco Shares and Finco Shares immediately prior to the Amalgamation;

(vii) AIM shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to the transactions contemplated by this Agreement to any holder of Finco Shares such amounts as are required to be deducted and withheld with respect to such payment under the ITA or any provision of provincial, state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Finco Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and

(viii) Amalco will become a wholly-owned subsidiary of AIM.

(h) At the Effective Time:

(i) subject to Section 1.6(g)(i), the registered holders of Finco Shares shall become the registered holders of the Subordinate Voting Shares to which they are entitled, calculated in accordance with the provisions hereof. AIM shall deliver the Subordinate Voting Shares to former holders of Finco Shares electronically or in physical form in accordance with the instructions of the former holder thereof, without the need for such holder to surrender certificates representing the Finco Shares. Absent such instructions, AIM shall provide the Subordinate Voting Shares in the same form as such holder previously held the Subscription Receipts; and

(ii) AIM shall become the registered holder of the Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof, and shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof.

(i) Immediately following the Effective Time, all unexercised Acreage Warrants shall be amended, in accordance with the terms thereof, to be exercisable to acquire Subordinate Voting Shares.

(j) At the Effective Time, the registered holders of Finco Broker Warrants shall become the registered holders of AIM Broker Warrants to which they are entitled in accordance with the provisions hereof. AIM shall deliver certificates representing the AIM Broker Warrants to former holders of Finco Broker Warrants in accordance with the instructions of former holders thereof.

1.7 Business Combination - Share Exchange

Concurrently with the consummation of the Amalgamation, the Share Exchange shall be completed.

1.8 Business Combination - Wind up of Amalco

Following the completion of the Amalgamation, Amalco will be wound up into AIM and the assets of Amalco (which will consist of the funds invested by the investors net of expenses) will be transferred to AIM by operation of Law.

1.9 Business Combination - Contribution of Financing Proceeds

Immediately following the wind-up of Amalco, AIM shall use certain proceeds of the Financing received by it to subscribe for voting common shares of USCo2 and voting common shares of USCo1 (together, the "**Subscriptions**"). Following the Subscriptions (i) the initial voting common share of USCo2 held by the Acreage Founder shall be redeemed at a redemption price equal to the fair market value of such initial voting common share, and (ii) the proceeds of the Financing received by USCo1 and USCo2 pursuant to the Subscriptions shall be contributed to Acreage in exchange for common units.

The Parties intend and agree that the transactions set forth in Sections 1.2 through 1.9 shall be completed as specified and that no single transaction of Sections 1.2 through 1.9 shall be completed without the intent of the Parties to complete the remaining transactions.

1.10 U.S. Tax Matters

Each Party agrees that: (a) the contributions of certain Acreage units to USCo1, as contemplated in Section 1.4(a)(ii), are intended to constitute a single integrated transaction qualifying as a tax-deferred contribution pursuant to Section 351 of the Code; (b) the transactions set forth in Section 1.3, Section 1.5, Section 1.6, Section 1.7 and Section 1.8 are intended to constitute a single integrated transaction qualifying as a tax-deferred contribution pursuant to Section 351 of the Code; (c) the contributions of certain Acreage units to USCo2, as contemplated in Section 1.4(a)(iii), together with the contribution by AIM of certain proceeds of the Financing to USCo2, as contemplated in Section 1.9, are intended to constitute a single integrated transaction qualifying as a tax-deferred contribution pursuant to Section 351 of the Code; (d) such Party shall retain such records and file such information as is required to be retained and filed pursuant to Treasury Regulations section 1.351-3 in connection with each of the transactions set forth in subsections (a), (b) and (c); and (e) such Party shall otherwise use its best efforts to cause the transactions set forth in subsections (a), (b) and (c) to qualify as a tax-deferred contribution, in each case pursuant to Section 351 of the Code. In connection with the transactions described in subsection (b), the Parties agree to treat AIM as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code. Except as otherwise required by this Agreement, no Party shall take any action, fail to take any action, cause any action to be taken or cause any action to fail to be taken that could reasonably be expected to prevent (1) the transactions described in subsections (a), (b) and (c) from each qualifying as a tax-deferred contribution within the meaning of Section 351 of the Code, or (2) AIM from being treated as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code. Each Party hereto agrees to act in good faith, consistent with the terms of this Agreement and the intent of the Parties and the intended treatment of such transactions as set forth in this Section 1.10. Notwithstanding the foregoing, no Party makes any representation, warranty or covenant to any other Party or to any Acreage unitholder or other holder of Acreage securities (including, without limitation, stock options, warrants, subscription receipts, debt instruments or other similar rights or instruments) regarding the tax treatment of the transactions contemplated by this Agreement, including, but not limited to, whether the transactions described in subsections (a), (b) and (c) will each qualify as a tax-deferred contribution within the meaning of Section 351 of the Code or whether AIM will be treated as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code as a result of the transactions set forth in subsection (b).

1.11 Canadian Tax Election

AIM will jointly elect with each Canadian Resident Shareholder who requests that AIM do so, in the form and within the time limits prescribed for such purposes, that the Canadian Resident Shareholder will be deemed pursuant to section 85 of the ITA to have disposed of his, her or its shares of USCo1 at an elected amount to be determined by the Canadian Resident Shareholder. AIM shall not be responsible for the proper completion of any section 85 election form nor, except for the obligation to sign and return duly completed election forms which are received within ninety (90) days after the Effective Date, for any taxes, interest or penalties resulting from the failure of a Canadian Resident Shareholder to complete or file such election forms properly in the form and manner and within the time prescribed by the ITA (or any applicable provincial legislation). In its sole discretion, AIM may choose to sign and return an election form received by it more than ninety (90) days following the Effective Date, but will have no obligation to do so.

1.12 Board of Directors and Officers

Each of the Parties hereby agrees that concurrently with the completion of the Business Combination, all of the current directors and officers of AIM shall resign without payment by or any liability to AIM or Amalco, and each such director and officer shall execute and deliver a release in favour of AIM, Acreage and Amalco, in a form acceptable to AIM and Acreage, and the board of directors of AIM shall consist of seven directors to be nominated by Acreage, in its sole discretion (collectively, the "**New AIM Directors**").

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF ACREAGE

Acreage represents and warrants to and in favour of AIM and Subco and acknowledges that AIM and Subco are relying on such representations and warranties in connection with this Agreement and the transactions contemplated herein:

2.1 Organization and Good Standing

(a) Acreage is a limited liability company organized, validly existing, and in good standing under the Laws of the jurisdiction of its formation and is qualified to transact business and is in good standing as a foreign company in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on Acreage.

(b) Acreage has the corporate power and authority to own, lease or operate its properties and to carry on its business as currently conducted.

2.2 Consents, Authorizations, and Binding Effect

(a) Acreage may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

(i) consents, approvals, authorizations and waivers which have been obtained (or will be obtained prior to the Effective Date) and are not subject to any unfulfilled conditions, and in full force and effect, and notices which have been given on a timely basis; or

(ii) those which, if not obtained or made, would not (A) prevent or materially delay the consummation of the Amalgamation or otherwise prevent Acreage from performing, in all material respects, its obligations under this Agreement, and (B) result in a Material Adverse Effect on Acreage.

(b) Acreage has the necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(c) This Agreement has been duly executed and delivered by Acreage and constitutes a legal, valid, and binding obligation of Acreage, enforceable against it in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(d) The execution, delivery, and performance of this Agreement will not:

(i) constitute a violation of the constating documents of Acreage;

(ii) conflict with, result in the breach of, or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any material obligation under or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which Acreage is a party or as to which any of its property is subject which in any such case would have a Material Adverse Effect on Acreage; or

(iii) constitute a violation of any Law applicable or relating to Acreage or its business.

2.3 Litigation and Compliance

(a) There are no Proceedings or Governmental investigations pending or, to the knowledge of Acreage, threatened:

(i) against or affecting Acreage or with respect to or affecting any asset or property owned, leased or used by Acreage; or

(ii) which question or challenge the validity of this Agreement, or the Amalgamation or any action taken or to be taken pursuant to this Agreement, or the Amalgamation;

(iii) except for actions, suits, claims or proceedings which would not, in the aggregate, have a Material Adverse Effect on Acreage.

(b) Except as provided in Section 10.4 of this Agreement, Acreage has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to its business or operations, except for non-compliance, defaults and violations which would not, in the aggregate, have a Material Adverse Effect on Acreage.

(c) Neither Acreage, nor any asset of Acreage is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on Acreage or which is reasonably likely to prevent Acreage from performing its obligations under this Agreement.

(d) Acreage has duly filed or made all reports and returns required to be filed by it with any Governmental Authority and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental, regulatory or otherwise) which are required in connection with its business and operations, except where the failure to do so has not had and would not reasonably have a Material Adverse Effect on Acreage.

2.4 Financial Statements

The financial statements (including, in each case, any notes thereto) of Acreage, based on the current drafts thereof as at the date hereof, for the years ended December 31, 2017 and 2016 and for the six month period ended June 30, 2018 were prepared in accordance with IFRS, applied on a consistent basis during the periods involved and fairly presented in all material respects the consolidated assets, liabilities and financial condition of Acreage as of the respective dates thereof and the consolidated earnings, results of operations and changes in financial position of Acreage for the periods then ended.

2.5 Taxes

Each Acreage Group Member has timely filed, or has caused to be timely filed on its behalf, all material Tax Returns required to be filed by it prior to the date hereof, all such Tax Returns are complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which adequate reserves have been provided in the financial statements of Acreage. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against any Acreage Group Member, there are no actions, suits, proceedings, investigations or claims pending or threatened against any Acreage Group Member in respect of Taxes or any matters under discussion with any Government relating to Taxes, in each case which are likely to have a Material Adverse Effect on the Acreage Group. Each Acreage Group Member has withheld from each payment made to any of their past or present employees, officers or directors, and to any non-resident of Canada, the amount of all material Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable Law. Each Acreage Group Member has remitted to the appropriate tax authorities within the time limits required all amounts collected by it in respect of Taxes. There are no material Liens for Taxes upon any asset of an Acreage Group Member except Liens for Taxes not yet due.

2.6 Due Diligence Investigations

All information relating to the business, assets, liabilities, properties, capitalization or financial condition of Acreage provided by Acreage or its Representatives to AIM is true, accurate and complete in all material respects and Acreage has not omitted to disclose in writing and provide materials in respect of any material fact or which would otherwise cause information provided to be untrue or incomplete in a material respect.

2.7 Brokers

Other than in connection with the Financing, neither Acreage nor, to the knowledge of Acreage, any of its Associates, Affiliates or Representatives has retained any broker or finder in connection with the Amalgamation or the other transactions contemplated hereby, nor have any of the foregoing incurred any liability to any broker or finder by reason of any such transaction.

2.8 Anti-Bribery Laws

Neither Acreage, nor to the knowledge of Acreage, any Representative of Acreage, has (i) violated any anti-bribery or anti-corruption laws applicable to Acreage, including but not limited to the U.S. Foreign Corrupt Practices *Act* and Canada's *Corruption of Foreign Public Officials Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Authority; or assisting any Representative of Acreage in obtaining or retaining business for or with, or directing business to, any person; or (Y) to any person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither Acreage nor to the knowledge of Acreage, any director, officer, employee, consultant, Representative or agent of the foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded Acreage or any director, officer, employee, consultant, Representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any person alleging non-compliance with any such Laws.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF FINCO

Finco represents and warrants to and in favour of AIM and Subco and acknowledges that AIM and Subco are relying on such representations and warranties in connection with this Agreement and the transactions contemplated herein:

3.1 Organization and Good Standing

(a) Finco is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on Finco. There are no subsidiaries of Finco.

(b) Finco has the corporate power and authority to own, lease or operate its properties and to carry on its business as currently conducted.

3.2 Consents, Authorizations, and Binding Effect

(a) Finco may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

(i) consents, approvals, authorizations and waivers which have been obtained (or will be obtained prior to the Effective Date) and are unconditional, and in full force and effect, and notices which have been given on a timely basis;

(ii) the approval of the Finco Amalgamation Resolution by the holders of the Finco Shares;

(iii) the filing of a Form 13 (Amalgamation Application) with the British Columbia Registrar of Companies under the BCBCA; or

(iv) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent Finco from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on Finco.

(b) Finco has the necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to complete the Amalgamation, subject to the approval of the Finco Amalgamation Resolution by the Finco Shareholders.

(c) The sole director of Finco has: (i) approved the Business Combination and the execution, delivery and performance of this Agreement, and (ii) directed that the Finco Amalgamation Resolution be submitted to the Finco Shareholder.

(d) This Agreement has been duly executed and delivered by Finco and constitutes a legal, valid, and binding obligation of Finco, enforceable against it in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(e) The execution, delivery, and performance of this Agreement will not:

(i) constitute a violation of the notice of articles or articles, as amended, of Finco;

(ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which Finco is a party or as to which any of its property is subject which in any such case would have a Material Adverse Effect on Finco; or

(iii) constitute a violation of any Law applicable or relating to Finco or its business except for such violations which would not have a Material Adverse Effect on Finco.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF AIM AND SUBCO

Each of AIM and Subco hereby represents and warrants to Acreage, Finco, USCo1 and USCo2 as follows and acknowledges that each of Acreage, Finco, USCo1 and USCo2 is relying on such representations and warranties in entering into this Agreement and completing the transactions contemplated herein:

4.1 Organization and Good Standing

(a) Each of AIM and Subco is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation (or the equivalent) in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on AIM or Subco. Except for Subco, there are no other material subsidiaries of AIM and AIM does not have any equity or other interest or any rights convertible or exchangeable for, or otherwise entitling it to, any equity interests in any Person other than its holders of Subco Shares.

(b) Each of AIM and Subco has the corporate power and authority to own, lease, or operate its properties and to carry on its business as now conducted.

4.2 Consents, Authorizations, and Binding Effect

(a) AIM and Subco may execute, deliver, and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

(i) the approval of the Subco Amalgamation Resolution by AIM as sole shareholder of Subco;

(ii) the approval of the CSE for the listing of the Subordinate Voting Shares and, to the extent required, the other transactions contemplated hereby;

(iii) consents, approvals, authorizations and waivers, which have been obtained (or will be obtained prior to the Effective Date), and are unconditional and in full force and effect and notices which have been given on a timely basis;

(iv) the approval of the Continuance from AIM Shareholders and the filings required to complete the Continuance;

(v) the filing of Articles of Amendment and a Form 13 (Amalgamation Application) with the British Columbia Registrar of Companies under the BCBCA;

(vi) the filing of the documents prescribed under the BCBCA to effect the appointment of the New AIM Directors and the New AIM Management; and

(vii) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent AIM from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on AIM or Subco.

(b) Each of AIM and Subco has the necessary corporate power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and to complete the Amalgamation, subject to the approval of the matters set out in the AIM Circular by AIM Shareholders at the AIM Meeting and the Subco Amalgamation Resolution by AIM by written consent resolution.

(c) The board of directors of AIM have unanimously: (i) approved the Business Combination and the execution, delivery and performance of this Agreement; (ii) directed that the matters set out in the AIM Circular be submitted to the AIM Shareholders at the AIM Meeting, and unanimously recommended approval thereof and (iii) approved the execution and delivery of the Subco Amalgamation Resolution by AIM.

(d) The board of directors of Subco has unanimously approved the Amalgamation and the execution, delivery and performance of this Agreement.

(e) This Agreement has been duly executed and delivered by AIM and Subco and constitutes a legal, valid, and binding obligation of AIM and Subco enforceable against each of them in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defences and to the discretion of the court before which any proceeding therefor may be brought.

(f) The execution, delivery, and performance of this Agreement will not:

(i) constitute a violation of the notice of articles or articles of AIM or the notice of articles or articles of Subco;

(ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any material obligation under, or the loss of any material benefit under or the creation of any benefit or right of any third party under any Contract, permit or license to which either AIM or Subco is a party to or bound by or as to which any of its property is subject;

(iii) constitute a violation of any Law applicable or relating to AIM or Subco or their respective businesses; or

(iv) result in the creation of any Lien upon any of the assets of AIM or Subco.

(g) Neither AIM or Subco nor any Affiliate or Associate thereof, nor to the knowledge of AIM, any Representative of AIM or Subco, beneficially owns or has the right to acquire a beneficial interest in any Finco Shares.

4.3 Litigation and Compliance

(a) There are no actions, suits, claims or proceedings, whether in equity or at law, or any Governmental investigations pending or, to the knowledge of AIM, threatened:

(i) against or affecting AIM or Subco or with respect to or affecting any asset or property owned, leased or used by AIM or Subco; or

(ii) which question or challenge the validity of this Agreement or the Amalgamation or any action taken or to be taken pursuant to this Agreement or the Amalgamation;

and, to the knowledge of AIM, there is no basis for any such action, suit, claim, proceeding or investigation.

(b) Each of AIM and Subco has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to the businesses or operations of AIM and/or Subco, except for non-compliance, defaults and violations that are historical in nature and have been remedied and no longer exist, and which would not, in the aggregate have a Material Adverse Effect on AIM and Subco. Neither AIM nor Subco currently carries on any active business.

(c) Neither AIM nor Subco nor any assets of AIM or Subco, is subject to any judgment, order or decree entered in any Proceeding.

(d) Each of AIM and Subco has duly filed or made all reports and returns required to be filed by it with any Government and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental, regulatory or otherwise) which are required in connection with the business and operations of AIM and Subco.

4.4 Public Filings; Financial Statements

(a) AIM has filed all documents required pursuant to applicable Canadian Securities Laws (the "**AIM Securities Documents**"). As of their respective dates, the AIM Securities Documents complied in all material respects with the then applicable requirements of the Canadian Securities Laws (and all other applicable securities laws) and, at the respective times they were filed, none of the AIM Securities Documents contained any untrue statement of a material fact (as defined in Canadian Securities Laws) or omitted to state a material fact required to be stated therein or necessary to make any statement therein, in light of the circumstances under which it was made, not misleading. AIM has not filed any confidential filings which have not at the date hereof become publicly available under AIM's profile on SEDAR.

(b) The consolidated financial statements (including, in each case, any notes thereto) of AIM for the years ended August 31, 2017 and 2016 and for the three and nine month periods ended May 31, 2018 included in the AIM Securities Documents were prepared in accordance with IFRS applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly present in all material respects the consolidated assets, liabilities and financial condition of AIM and its consolidated subsidiaries as of the respective dates thereof and the consolidated earnings, results of operations and changes in financial position of AIM and its consolidated subsidiaries for the periods then ended (subject, in the case of unaudited statements, to the absence of footnote disclosure and to customary year-end audit adjustments and to any other adjustments described therein). Except as disclosed in the AIM Securities Documents, AIM has not, since August 31, 2017, made any change in the accounting practices or policies applied in the preparation of its financial statements.

(c) AIM is now, and on the Effective Date will be, a "reporting issuer" (or its equivalent) under Canadian Securities Laws in the Province of Ontario. AIM is not currently in default in any material respect of any requirement of Canadian Securities Laws and AIM is not included on a list of defaulting reporting issuers maintained by any of the securities commissions or similar regulatory authorities in each of such Provinces.

(d) There has not been any reportable event (within the meaning of National Instrument 51- 102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators) since August 31, 2017 with the present or former auditors of AIM.

(e) No order ceasing or suspending trading in securities of AIM or Subco or prohibiting the sale of securities by AIM or Subco has been issued that remains outstanding and, to the knowledge of AIM, no proceedings for this purpose have been instituted, are pending, contemplated or threatened by any securities commission, self-regulatory organization, stock exchange or other Governmental Authority.

(f) AIM maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) access to assets is permitted only in accordance with management's general or specific authorization; and (iii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(g) There are no contracts with AIM or Subco, on the one hand, and: (i) any officer or director of AIM or Subco; (ii) any holder of 5% or more of the equity securities of AIM; or (iii) an Associate or Affiliate of a person in (i) or (ii), on the other hand.

4.5 Taxes

Each of AIM and Subco has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it prior to the date hereof, all such Tax Returns are complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which adequate reserves have been provided in the most recently published financial statements of AIM. AIM's audited consolidated financial statements for the period ended August 31, 2017 reflect a reserve in accordance with IFRS for all Taxes payable by AIM for all taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against AIM or Subco, there are no actions, suits, proceedings, investigations or claims pending or threatened against AIM or Subco in respect of Taxes or any matters under discussion with any Government relating to Taxes, and no waivers or written requests for waivers of the time to assess any such Taxes are outstanding or pending. Each of AIM and Subco has withheld from each payment made to any of their past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable Law. Each of AIM and Subco has remitted to the appropriate tax authorities within the time limits required all amounts collected by it in respect of Taxes. There are no Liens for Taxes upon any asset of AIM or Subco except Liens for Taxes not yet due.

4.6 Pension and Other Employee Plans and Agreement

Other than the AIM stock option plan, AIM does not maintain or contribute to any Employee Plan. The AIM Stock Option Plan has been approved by the AIM Shareholders and was adopted by AIM in accordance with the requirements of Canadian Securities Laws.

4.7 Labour Relations

(a) No employees of AIM are covered by any collective bargaining agreement.

(b) There are no representation questions, arbitration proceedings, labour strikes, slow-downs or stoppages, material grievances, or other labour troubles pending or, to the knowledge of AIM, threatened with respect to the employees or former employees of AIM; and (ii) to the knowledge of AIM, there are no present or pending applications for certification (or the equivalent procedure under any applicable Law) of any union as the bargaining agent for any employees of AIM.

(c) Subco has no employees and has not engaged any independent contractors.

(d) At the Closing, AIM shall not have any employees or independent contractors, and shall not have any liabilities in respect to any former employees or independent contractors.

4.8 Contracts

(a) Neither AIM nor Subco is not a party to or bound by any Contract other than as set out on Schedule 4.8 hereto.

(b) Each of AIM and Subco and, to the knowledge of AIM and Subco, each of the other parties thereto, is in material compliance with all covenants under all Contracts it has entered into, and no default has occurred which, with notice or lapse of time or both, would directly or indirectly constitute such a default.

(c) No payment is required to be made, or obligation accrued that, if paid, by AIM as a result of the consummation of any of the matters contemplated by this Agreement that would result in AIM having a cash balance of less than $nil at the time of the completion of the Business Combination.

4.9 Absence of Certain Changes, Etc.

Except as contemplated by the Business Combination and this Agreement, since August 31, 2017:

(a) there has been no Material Adverse Change to AIM;

(b) AIM has not:

(i) sold, transferred, distributed, or otherwise disposed of or acquired a material amount of its assets, or agreed to do any of the foregoing, except in the ordinary course of business;

(ii) incurred any Liability (whether absolute, accrued, contingent or otherwise) other than those Liabilities set out in Schedule 4.14 or outside of the ordinary and usual course of business;

(iii) prior to the date hereof, made or agreed to make any capital expenditure or commitment for additions to property, plant, or equipment;

(iv) made or agreed to make any material increase in the compensation payable to any employee or director except for increases made in the ordinary course of business and consistent with presently existing policies or agreement or past practice;

(v) conducted its operations other than in all material respects in the normal course of business;

(vi) entered into any transaction or Contract, or amended or terminated any transaction or Contract, except transactions or Contracts entered into in connection with the Business Combination or which will form part of the settlement of its outstanding debts to be completed prior to the Effective Time as part of the Business Combination; and

(vii) agreed or committed to do any of the foregoing; and

(c) there has not been any declaration, setting aside or payment of any dividend or other distribution to AIM Shareholders.

4.10 Subsidiaries

(a) All of the outstanding shares in the capital of Subco are owned of record and beneficially by AIM free and clear of all Liens. AIM does not own, directly or indirectly, any equity interest of or in any entity or enterprise other than Subco, Applied Inventions Management Corp. USA (Delaware company) and Tour Technologies Inc. (Montana company). Neither Applied Inventions Management Corp. USA nor Tour Technologies Inc. has any assets or any liabilities (contingent or otherwise) nor does it carry on any business.

(b) All outstanding Subco Shares have been duly authorized and are validly issued, fully paid and non-assessable.

4.11 Capitalization

(a) The authorized capital of AIM consists of an unlimited number of class A subordinate voting shares, an unlimited number of class B multiple voting shares an unlimited number of class C preferred shares, issuable in series. As of the date hereof, there are 388,435 class A subordinate voting shares and 7,839,599 class B multiple voting shares issued and outstanding and no class C preferred shares outstanding.

(b) All issued and outstanding shares in the capital of AIM have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.

(c) Other than the AIM Stock Options, AIM Warrants and AIM Convertible Debenture, there are no authorized, outstanding or existing:

(i) voting trusts or other agreements or understandings with respect to the voting of any AIM Shares to which AIM or Subco is a party;

(ii) securities issued by AIM or Subco that are convertible into or exchangeable for any AIM Shares;

(iii) agreements, options, warrants, or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any AIM Shares or securities convertible into or exchangeable or exercisable for any such shares, in each case granted, extended or entered into by AIM or Subco;

(iv) agreements of any kind to which either AIM or Subco is party relating to the issuance or sale of any AIM Shares, or any securities convertible into or exchangeable or exercisable for any AIM Shares or requiring AIM to qualify securities of for distribution by prospectus under Canadian Securities Laws; or

(v) agreements of any kind which may obligate AIM to issue or purchase any of its securities.

4.12 Environmental Matters

Each of AIM and Subco is in compliance with all applicable Environmental Laws and has not violated, at any time, any environmental laws. All operations of AIM, past or present, conducted on any real property, leased or owned by AIM or any entity in which AIM directs or indirectly has any interest, past or present, and such properties themselves while occupied by AIM or any entity in which AIM directs or indirectly has any interest, have been and are in compliance with all Environmental Laws. AIM is not is the subject of: (i) any proceeding, application, order or directive which relates to any environmental, health or safety matter; or (ii) any demand or notice with respect to any Environmental Laws, and no set of circumstances exists pursuant to which AIM may, directly or indirectly, have any liability for any such matters. AIM has no reclamation obligations and is not required to make any reserves for reclamation obligations pursuant to IFRS. Neither AIM nor any entity in which AIM has, directly or indirectly, had any interest, has caused or permitted the release of any hazardous substances on or to any of the assets or any other real property owned or leased or occupied, either past or present, (including underlying soils and substrata, surface water and groundwater) in such a manner as: (A) would be reasonably likely to impose liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property; (B) would be reasonably likely to result in imposition of a Lien, charge or other encumbrance on or the expropriation of any of the assets; or (C) at levels which exceed remediation and/or reclamation standards under any Environmental Laws or standards published or administered by those Governmental Authorities responsible for establishing or applying such standards. There is no environmental liability or factors likely to give rise to any environmental liability (i) affecting AIM; or (ii) retained in any manner by AIM in connection with any activities conducted prior to the date hereof.

4.13 Licence and Title

AIM is the absolute legal and beneficial owner of, and has good and marketable title to, all of its property or assets (real and personal, tangible and intangible, including leasehold interests) including all the properties and assets reflected in the balance sheet forming part of AIM's financial statements for the year ended August 31, 2017, except as indicated in the notes thereto, and such properties and assets are not subject to any mortgages, Liens, charges, pledges, security interests, claims, demands or defect in title of any kind except as is reflected in the balance sheets forming part of such financial statements and in the notes thereto and AIM owns, possesses, or has obtained and is in compliance in all material respects with, all licences, permits, certificates, orders, grants and other authorizations of or from any Governmental Authority necessary to conduct its business as currently conducted, in accordance in all material respects with applicable Laws.

4.14 Indebtedness

As at the date of this Agreement, no indebtedness for borrowed money was owing or guaranteed by AIM or Subco and neither AIM nor Subco has any Liabilities (contingent or otherwise) other than obligations for the payment of Liabilities set out in Schedule 4.14 and those incurred in the ordinary course of business and in connection with the Business Combination.

4.15 Undisclosed Liabilities

There are no Liabilities of AIM, Subco or Amalco of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which either AIM or Subco may become liable on or after the consummation of the transactions contemplated hereby other than the Liabilities set out in Schedule 4.14 and those incurred in the ordinary course of business and in connection with the Business Combination.

4.16 Due Diligence Investigations

All information relating to the business, assets, liabilities, properties, capitalization or financial condition of AIM or Subco provided by AIM or its Representatives to Acreage, Finco, USCo1 or USCo2 is true, accurate and complete in all material respects and AIM has not omitted to disclose in writing and provide materials in respect of any material fact or which would otherwise cause information provided to be untrue or incomplete.

4.17 Brokers

Neither AIM nor Subco or, to the knowledge of AIM, any of their respective Associates, Affiliates or Representatives have retained any broker or finder in connection with the transactions contemplated hereby, nor have any of the foregoing incurred any Liability to any broker or finder by reason of any such transaction.

4.18 Anti-Bribery Laws

Neither AIM nor Subco nor to the knowledge of AIM or Subco, any Representative of the foregoing, has (i) violated any anti-bribery or anti-corruption laws applicable to AIM or Subco, including but not limited to the *U.S. Foreign Corrupt Practices Act* and Canada's *Corruption of Foreign Public Officials Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Authority; or assisting any Representative of AIM or Subco in obtaining or retaining business for or with, or directing business to, any person; or (Y) to any person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither AIM nor Subco nor to the knowledge of AIM, any director, officer, employee, consultant, Representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded AIM or Subco or any director, officer, employee, consultant, Representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any person alleging non-compliance with any such Laws.

ARTICLE V
CONDITIONS TO OBLIGATIONS OF AIM

5.1 Conditions Precedent to Completion of the Business Combination

The obligation of AIM and Subco to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by AIM and Subco:

(a) The representations and warranties of Acreage and Finco set forth in Article II and Article III qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date of this Agreement and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date.

(b) Acreage and Finco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by them prior to or on the Effective Date and AIM shall have received a certificate signed on behalf of Acreage by an executive officer thereof to such effect dated as of the Effective Date.

(c) There shall not have occurred any Material Adverse Change in Acreage since the date of this Agreement.

(d) The AIM Shareholders shall have approved the matters set out in the AIM Circular at the AIM Meeting.

(e) Completion of the Financing by Finco.

ARTICLE VI
CONDITIONS TO OBLIGATIONS OF ACREAGE, FINCO, USCO1 AND USCO2

6.1 Conditions Precedent to Completion of the Business Combination

The obligation of Acreage, Finco, USCo1 and USCo2 to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Acreage:

(a) The representations and warranties of AIM and Subco set forth in Article IV qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date hereof and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date.

(b) AIM and Subco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by AIM and Subco, respectively, prior to or on the Effective Date and Acreage shall have received certificates signed on behalf of AIM and Subco, respectively, by an executive officer thereof to such effect dated as of the Effective Date.

(c) There shall not have occurred any Material Adverse Change to AIM or Subco since the date of this Agreement.

(d) The AIM Shareholders shall have approved the matters set out in the AIM Circular at the AIM Meeting, including the approval of the Continuance, Name Change, Consolidation, the Share Amendments, the Subdivision, the election of the New Board of Directors and the election of the new auditors.

(e) The AIM Shareholders shall have approved all matters necessary for or ancillary to, the completion of the transactions and the CSE listing.

(f) AIM shall have completed and filed all necessary documents in accordance with the BCBCA in respect of the matters set out in the AIM Circular to be approved at the AIM Meeting and the Name Change shall be effective.

(g) All of the current directors and officers of AIM and Subco shall have resigned without payment by or any liability to AIM, Acreage, Finco, Subco or Amalco, and each such director and officer shall have executed and delivered a release in favour of AIM, Subco, Acreage, Finco and Amalco, in a form acceptable to Acreage, acting reasonably.

(h) The Consolidation shall have been completed in a manner satisfactory to Acreage, Finco, USCo1 and USCo2.

(i) The securityholders of Acreage shall have entered into a contribution agreement providing for the contribution of their interests to USCo1 and/or USCo2 to the extent contemplated herein.

(j) Acreage shall be satisfied in its sole discretion that at the time of the completion of the Business Combination AIM and Subco have no Liabilities other than those made in connection with the Business Combination and agreed to be paid by Acreage pursuant to Section 10.2.

ARTICLE VII
COVENANTS

7.1 Covenants of AIM

(a) AIM covenants and agrees with Acreage that AIM will not, from the date of execution hereof to and including the Effective Date, except with the prior written consent of Acreage or otherwise contemplated herein, which consent shall be in the sole discretion of Acreage and may be unreasonably withheld:

(i) issue any securities, other than AIM Shares issuable upon the due and proper exercise of the AIM Stock Options, AIM Warrants, AIM Convertible Debenture or in connection with the settlement of any outstanding debts;

(ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance or distribution of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock, except for the Subdivision, Share Amendments and Consolidation;

(iii) incur any expenditures, other than in connection with the matters contemplated herein, public company requirements, including the holding of the AIM Meetings;

(iv) declare or pay any dividends or distribute any of its properties or assets to any Person;

(v) enter into any contracts other than in connection with the transactions contemplated herein;

(vi) alter or amend its articles or by-laws, except as contemplated in the Reorganization;

(vii) acquire, directly or indirectly, any assets, including but not limited to securities of any other company; and

(viii) incur or commit to incur any indebtedness for borrowed money or issue any debt securities; and

(b) From the date hereof to and including the Effective Date, AIM will, and will cause Subco to:

(i) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary or desirable to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;

(ii) make other necessary filings and applications under applicable federal and provincial Laws required on the part of AIM and Subco in connection with the transactions contemplated in this Agreement, including properly filing all materials and taking all steps necessary to obtain the approval to list the Subordinate Voting Shares on the CSE immediately following the Business Combination;

(iii) use all commercially reasonable efforts to conduct its affairs so that all of the AIM and Subco representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;

(iv) take all steps, and provide all assistance, as reasonably requested by Acreage (and at Acreage's cost) to complete the dissolution of Applied Inventions Management Corp. USA and Tour Technologies Inc.; and

(v) notify Acreage immediately upon becoming aware that any of the representations and warranties of AIM contained herein are no longer true and correct in any material respect.

ARTICLE VIII
MUTUAL CONDITIONS PRECEDENT

8.1 Mutual Conditions Precedent

The obligations of AIM, Subco, Acreage, Finco, USCo1 and USCo2 to complete the Business Combination are subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived only with the consent in writing of AIM and Acreage:

(a) all consents, waivers, permits, exemptions, orders, consents and approvals required to permit the completion of the Business Combination, the failure of which to obtain, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Acreage or AIM or materially impede the completion of the Business Combination, shall have been obtained;

(b) no temporary restraining order, preliminary injunction, permanent injunction or other order preventing the consummation of the Business Combination shall have been issued by any federal, state, or provincial court (whether domestic or foreign) having jurisdiction and remain in effect;

(c) the Subordinate Voting Shares to be issued pursuant to the Business Combination shall have been conditionally approved for listing on the CSE, subject to standard conditions on the Effective Date or as soon as practicable thereafter;

(d) on the Effective Date, no cease trade order or similar restraining order of any other provincial securities administrator relating to the AIM Shares, the Subordinate Voting Shares, the Multiple Voting Shares, the Proportionate Voting Shares, the Finco Shares, the Acreage membership units or the Amalco Shares shall be in effect;

(e) there shall not be pending or threatened any suit, action or proceeding by any Governmental Entity, before any court or Governmental Authority, agency or tribunal, domestic or foreign, that has a significant likelihood of success, seeking to restrain or prohibit the consummation of the Business Combination or any of the other transactions contemplated by this Agreement or seeking to obtain from AIM, Subco or Finco any damages that are material in relation to AIM, Subco and Finco and their subsidiaries taken as a whole;

(f) the distribution of Amalco Shares, Subordinate Voting Shares, Multiple Voting Share and Proportionate Voting Shares pursuant to the Business Combination shall be exempt from the prospectus and registration requirements of applicable Canadian Securities Law either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian Securities Laws and shall not be subject to resale restrictions under applicable Canadian Securities Laws (other than as applicable to control persons) or pursuant to section 2.6 of National Instrument 45-102 - *Resale of Securities of the Canadian Securities Administrators*); and

(g) this Agreement shall not have been terminated in accordance with its terms.

ARTICLE IX
CLOSING

9.1 Closing

The Closing shall take place at the offices of Acreage's counsel, DLA Piper (Canada) LLP at 8:00 a.m. (Toronto time) on the Effective Date or on such other date and time as Acreage and AIM may agree.

9.2 Termination of this Agreement

This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the matters set out in the AIM Circular by the AIM Shareholders or any other matters presented in connection with the Business Combination:

(a) by mutual written consent of the Parties;

(b) by AIM or Acreage if there has been a breach of any of the representations, warranties, covenants and agreements on the part of the other Party (the "**Breaching Party**") set forth in this Agreement, which breach has or is likely to result in the failure of the conditions set forth in Section 5.1, 6.1 or 7.1, as the case may, to be satisfied and in each case has not been cured within ten (10) Business Days following receipt by the Breaching Party of written notice of such breach from the non-breaching Party (the "**Non-Breaching Party**"); or

(c) by any Party if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Business Combination shall have become final and non-appealable;

9.3 Survival of Representations and Warranties; Limitation

The representations and warranties set forth in herein shall expire and be terminated on the earlier of the Effective Date or the termination of this Agreement.

ARTICLE X
MISCELLANEOUS

10.1 Further Actions

Each of the Parties shall use its commercially reasonable efforts to properly satisfy all of the conditions set out in this Agreement, take all actions to cause the transactions contemplated herein to be implemented and not take any action that would, directly or indirectly, cause any of the conditions set out in this Agreement to fail to be satisfied at or prior to the Effective Time. From time to time, as and when requested by any Party, the other Parties shall execute and deliver, and use all commercially reasonable efforts to cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as may be reasonably requested in order to:

(a) carry out the intent and purposes of this Agreement;

(b) effect the Amalgamation (or to evidence the foregoing); and

(c) consummate and give effect to the other transactions, covenants and agreements contemplated by this Agreement.

10.2 Transaction Costs

Each of the Parties shall be responsible for its own costs incurred in connection with the transactions contemplated herein, provided; however, that Acreage agrees to pay certain AIM costs and expenses as set out in the Letter of Intent and to make certain payments to AIM as contemplated by, in accordance with and subject to the provisions of, Section 16 of the Letter of Intent.

10.3 U.S. Federal Law Exclusions

Notwithstanding anything in this Agreement or the other documents contemplated hereby to the contrary, neither Acreage nor Finco, nor any of their directors, officers, shareholders, employees, affiliates or other agents make any representation or warranty, whether express or implied, written or oral, on behalf of Acreage or Finco as to the applicability of and compliance with United States federal Law dealing with the possession, use, cultivation, and/or transfer of cannabis (i.e., marijuana) and any related drug paraphernalia (including but not limited to Title 21 of the United States Code, the *U.S. Controlled Substances Act*, and 26 U.S.C. § 280E) as it relates to the Acreage or any of its subsidiaries or affiliates or their assets or the transactions contemplated by this Agreement.

10.4 Entire Agreement

This Agreement, which includes the Schedules hereto and the other documents, agreements, and instruments executed and delivered pursuant to or in connection with this Agreement, contains the entire Agreement between the Parties with respect to matters dealt within herein and, except as expressly provided herein, supersedes all prior arrangements or understandings with respect thereto, including the Letter of Intent.

10.5 Descriptive Headings

The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

10.6 Notices

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by electronic mail, nationally recognized overnight courier, or registered or certified mail, postage prepaid, addressed as follows:

(a) If to AIM:
Applied Inventions Management Corp.
1 Adelaide Street East, Suite 801
Toronto, ON M5C 2V9

Attention: Michael Stein
E-mail: michael.stein@rogers.com

with a copy (which shall not constitute notice) to:
WeirFoulds LLP
66 Wellington Street West, Suite 4100
P.O. Box 35, TD Bank Tower
Toronto, ON M5K 1B7

Attention: Michael Dolphin
E-mail: mdolphin@weirfoulds.com

(b) If to Acreage, Finco, USCo1 or USCo2:
High Street Capital Partners, LLC
366 Madison Avenue, 11th Floor
New York, NY 10017

Attention: James Doherty
E-mail: j.doherty@acreageholdings.com

with a copy (which shall not constitute notice) to:
DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W.
Toronto, ON M5X 1E2

Attention: Robert Fonn
Email: Robert.Fonn@dlapiper.com

Any such notices or communications shall be deemed to have been received: (i) if delivered personally or sent by nationally recognized overnight courier or by electronic mail, on the date of such delivery; or (ii) if sent by registered or certified mail, on the third Business Day following the date on which such mailing was postmarked. Any Party may by notice change the address to which notices or other communications to it are to be delivered or mailed.

10.7 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal laws of Canada applicable therein, but references to such laws shall not, by conflict of laws, rules or otherwise require application of the law of any jurisdiction other than the Province of Ontario and the Parties hereby further irrevocably attorn to the jurisdiction of the Courts of the Province of Ontario in respect of any matter arising hereunder or in connection with the transactions contemplated in this Agreement.

10.8 Enurement and Assignability

This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns, provided that this Agreement shall not be assignable otherwise than by operation of law by any Party without the prior written consent of the other Parties, and any purported assignment by any Party without the prior written consent of the other Parties shall be void.

10.9 Confidentiality

The Parties agree that no disclosure or announcement, public or otherwise, in respect of the Business Combination, this Agreement or the transactions contemplated herein shall be made by any Party or its Representatives without the prior agreement of the other Parties as to timing, content and method, hereto, provided that the obligations herein will not prevent any Party from making, after consultation with the other Parties, such disclosure as its counsel advises is required by applicable Law or the rules and policies of the CSE (or any other relevant stock exchange). If any of AIM, Acreage, Finco, USCo1, USCo2 or Subco is required by applicable Law or regulatory instrument, rule or policy to make a public announcement with respect to the Business Combination, such Party hereto will provide as much notice to the other of them as reasonably possible, including the proposed text of the announcement.

Except as and only to the extent required by applicable Law, the Receiving Party will not disclose or use, and it will cause its Representatives not to disclose or use, any Confidential Information furnished by a Disclosing Party or its Representatives to the Receiving Party or its Representatives at any time or in any manner, other than for the purposes of evaluating the Business Combination.

10.10 Remedies

The Parties acknowledge that an award of money damages may be inadequate for any breach of the obligations undertaken by the Parties and that the Parties shall be entitled to seek equitable relief, in addition to remedies at law. In the event of any action to enforce the provisions of this Agreement, each of the Parties waive the defense that there is an adequate remedy at law. Without limiting any remedies any Party may otherwise have, in the event any Party refuses to perform its obligations under this Agreement, the other Party shall have, in addition to any other remedy at law or in equity, the right to specific performance.

10.11 Waivers and Amendments

Any waiver of any term or condition of this Agreement, or any amendment or supplementation of this Agreement, shall be effective only if in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit, or waive a Party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

10.12 Illegalities

In the event that any provision contained in this Agreement shall be determined to be invalid, illegal, or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and the remaining provisions of this Agreement shall not, at the election of the Party for whose benefit the provision exists, be in any way impaired.

10.13 Currency

Except as otherwise set forth herein, all references to amounts of money in this Agreement are to Canadian Dollars.

10.14 Counterparts

This Agreement may be executed in counterparts by original or facsimile signature, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, bears the signatures of all the parties reflected hereon as signatories.

[REMAINDER OF THE AGREEMENT IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the day and year first above written.

APPLIED INVENTIONS MANAGEMENT CORP.

By: *"Michael Stein"*

Name: Michael Stein
Title: Director

HIGH STREET CAPITAL PARTNERS, LLC by its managing member, HIGH STREET CAPITAL PARTNERS MANAGEMENT, LLC

By: *"Kevin Murphy"*

Name: Kevin Murphy
Title: Managing Member

ACREAGE FINCO B.C. LTD.

By: *"Kevin Murphy"*

Name: Kevin Murphy
Title: President

HSCP MERGER CORP.

By: *"Michael Stein"*

Name: Michael Stein
Title: President

ACREAGE HOLDINGS AMERICA, INC.

By: *"Kevin Murphy"*

Name: Kevin Murphy
Title: Chief Executive Officer

ACREAGE HOLDINGS WC, INC.

By: *"George Allen"*

Name: George Allen
Title: President

SCHEDULE A DEFINITIONS

"**Acreage Convertible Notes**" means the convertible notes currently exercisable to acquire approximately 6.6 million Class A membership units in Acreage.

"**Acreage Convertible Securities**" means, collectively, the Acreage Warrants and the Acreage Convertible Notes.

"**Acreage Founder**" means Kevin Murphy.

"**Acreage Group**" means and includes Acreage and all other Acreage Group Members.

"**Acreage Group Member**" means and includes Acreage and any other corporation, joint venture, partnership or company in which Acreage beneficially owns or controls, directly or indirectly, more than 50% of the equity, voting rights, profit interest, capital or other similar interest thereof.

"**Acreage Profit Interests**" means the outstanding profit interest units (C-1 Units) in Acreage Holdings.

"**Acreage Warrants**" means the outstanding warrants to acquire Class A units of Acreage.

"**Affiliate**" has the meaning ascribed to such term in National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators.

"**Agreement**" means this Business Combination Agreement, as it may be amended or supplemented at any time and from time to time after the date hereof.

"**Amalco**" means the corporation resulting from Amalgamation.

"**Amalco Shares**" means common shares in the capital of Amalco.

"**Amalgamation**" means an amalgamation of Subco and Finco pursuant to Section 269 of the BCBCA, on the terms and subject to the conditions set out in the Amalgamation Agreement and this Agreement, subject to any amendments or variations thereto made in accordance with the provisions of the Amalgamation Agreement and this Agreement.

"**Amalgamation Agreement**" means the amalgamation agreement in the form attached hereto as Schedule B to be entered into among Subco and Finco pursuant to Section 269 of the BCBCA, to effect the Amalgamation.

"**Amalgamation Application**" means the Form 13 to be jointly completed and filed by AIM and Finco with the Registrar of Companies under the BCBCA, substantially in the form set forth in Schedule B hereto giving effect to the Amalgamation of Subco and Finco upon and subject to the terms of this Agreement.

"**Associate**" has the meaning ascribed to such term in the *Securities Act* (British Columbia).

"**AIM**" means Applied Inventions Management Corp., a corporation existing under the laws of the Province of Ontario.

"**AIM Broker Warrants**" means warrants to acquire securities of AIM to be issued to former holders of Finco Broker Warrants, which warrants will be substantially on the same terms and conditions as the Finco Broker Warrants except for the right to receive Subordinate Voting Shares in lieu of common shares of Finco upon, among other things, payment of the applicable exercise price.

"**AIM Circular**" means the management information circular of AIM in respect of a special meeting of shareholders to be held on November 6, 2018, as the same may be amended or supplemented in accordance with this agreement from time to time.

"**AIM Convertible Debenture**" means the convertible debenture issued to Michael Stein in the principal amount of $414,642 which was issued on April 27, 2016 and amended on May 22, 2018.

"**AIM Meeting**" means the special meeting of the AIM Shareholders to be held on November 6, 2018 to approve the matters set out in the AIM Circular, which shall include the Continuance, the Name Change, the changes to the board of directors of AIM contemplated herein, the Subdivision, the Share Amendments and the appointment of new auditors, and any and all adjournments or postponements of such meeting.

"**AIM Securities Documents**" has the meaning ascribed to such term in Section 4.4(a).

"**AIM Shareholders**" means the holders of AIM Shares.

"**AIM Shares**" means, collectively, the Class A subordinate voting shares, the Class B multiple voting shares and the Class C preferred shares in the capital of AIM prior to giving effect to the Consolidation, the Subdivision and the Share Amendments.

"**AIM Stock Options**" means the 750,000 outstanding stock options to acquire Class A subordinate voting shares of AIM.

"**AIM Warrants**" means the 6,700,260 outstanding warrants to acquire Class A subordinate voting shares of AIM.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended.

"**Breaching Party**" has the meaning ascribed to such term in Section 9.2(b).

"**Business Combination**" means the completion of the steps set out in Article I on the basis set out in this Agreement.

"**Business Day**" means any day other than a Saturday or Sunday or other day on which Canadian Chartered Banks located in the City of Toronto or the City of Vancouver are required or permitted to close.

"**Canadian Resident Shareholder**" means a beneficial holder of shares of USCo1 who, for purposes of the ITA is either resident in Canada or a "Canadian partnership".

"**Canadian Securities Laws**" means the *Securities Act* (or equivalent legislation) in each of the provinces and territories of Canada and the respective regulations under such legislation together with applicable published rules, regulations, policy statements, national instruments and memoranda of understanding of the Canadian Provincial Securities Administrators and the securities regulatory authorities in such provinces and territories.

"**Certificate of Amalgamation**" means the certificate of amalgamation to be used by the Registrar of Companies under the BCBCA pursuant to section 281 of the BCBCA following the following the filing of the Amalgamation Application.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Confidential Information**" means any information concerning the Disclosing Party or its business, properties and assets made available to the Receiving Party; provided that it does not include information which: (a) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party or pursuant to a breach of Section 10.9 by the Receiving Party; (b) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that, to the reasonable knowledge of the Receiving Party, such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information; (c) is developed by the Receiving Party independently of any disclosure by the Disclosing Party; or (d) was in the Receiving Party's possession prior to its disclosure by the Disclosing Party.

"**Consolidation**" means the consolidation of: (i) the Class A subordinate voting shares on the basis of one Subordinate Voting Share for up to 350 existing Class A subordinate voting shares; and (ii) the post- Subdivision Class B multiple voting shares on the basis of one Subordinate Voting Share for up to 350 existing post- Subdivision Class B multiple voting shares, with such number of existing Class A subordinate voting shares and post- Subdivision Class B multiple voting shares to be fixed by the board of directors of AIM such that the aggregate number of Class A subordinate voting shares together with the post- Subdivision Class B multiple voting shares shall have a value (based on the offering price of the Subscription Receipts) of $1,500,000.

"**Continuance**" means the continuance of AIM from a corporation governed by the OBCA to a corporation governed by the BCBCA.

"**Contract**" means any contract, lease, agreement, instrument, license, commitment, order, or quotation, written or oral.

"**CSE**" means the Canadian Securities Exchange.

"**Disclosing Party**" means any Party or its representatives disclosing Confidential Information to the Receiving Party.

"**Effective Date**" has the meaning ascribed to such term in Section 1.6(f).

"**Effective Time**" means the time of filing of the Amalgamation Application with the British Columbia Registrar of Companies under the BCBCA on the Effective Date.

"**Employee Plans**" means all plans, arrangements, agreements, programs, policies or practices, whether oral or written, formal or informal, funded or unfunded, maintained for employees, including, without limitation:

(a) any employee benefit plan or material fringe benefit plan;

(b) any retirement savings plan, pension plan or compensation plan, including, without limitation, any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan or supplemental pension or retirement income plan;

(c) any bonus, profit sharing, deferred compensation, incentive compensation, stock compensation, stock purchase, hospitalization, health, drug, dental, legal disability, insurance (including without limitation unemployment insurance), vacation pay, severance pay or other benefit plan, arrangement or practice with respect to employees or former employees, individuals working on contract, or other individuals providing services of a kind normally provided by employees; and

(d) where applicable, all statutory plans, including, without limitation, the Canada or Québec Pension Plans.

"**Environmental Laws**" means Laws regulating or pertaining to the generation, discharge, emission or release into the environment (including without limitation ambient air, surface water, groundwater or land), spill, receiving, handling, use, storage, containment, treatment, transportation, shipment, disposition or remediation or clean-up of any Hazardous Substance, as such Laws are amended and in effect as of the date hereof.

"**Financing**" means the private placement of Subscription Receipts prior to the Effective Date.

"**Finco Broker Warrants**" means warrants to acquire securities of Finco granted to certain agents as compensation pursuant to the Financing.

"**Finco Shareholders**" means the holders of the issued and outstanding Finco Shares.

"**Finco Shares**" means the common shares in the capital of Finco.

"**Future USCo2 Holders**" means certain California-resident holders of units of Acreage at the relevant time that will not be participating in the exchange of Acreage units for shares of USCo1 as contemplated in Section 1.4(a)(ii) hereof.

"**Government**" means:

(e) the government of Canada, the United States or any other foreign country;

(f) the government of any Province, State, county, municipality, city, town, or district of Canada, the United States or any other foreign country; and

(g) any ministry, agency, department, authority, commission, administration, corporation, bank, court, magistrate, tribunal, arbitrator, instrumentality, or political subdivision of, or within the geographical jurisdiction of, any government described in the foregoing clauses (a) and (b), and for greater certainty, includes the CSE.

"**Government Official**" means:

(h) any official, officer, employee, or representative of, or any person acting in an official capacity for or on behalf of, any Governmental Authority;

(i) any salaried political party official, elected member of political office or candidate for political office; or

(j) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses.

"**Governmental**" means pertaining to any Government.

"**Governmental Authority**" means and includes, without limitation, any Government or other political subdivision of any Government, judicial, public or statutory instrumentality, court, tribunal, commission, board, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the CSE.

"**Hazardous Substance**" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including hydrogen sulphide, arsenic, cadmium, copper, lead, mercury, petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material, substance, pollutant or contaminant regulated or defined pursuant to, or that could result in liability under, any applicable Environmental Law.

"**IFRS**" means International Financial Reporting Standards.

"**Initial Finco Share**" means the initial Finco Share issued to the Acreage Founder in connection with the incorporation and organization of Finco.

"**ITA**" means the *Income Tax Act* (Canada), as amended and all regulations thereunder.

"**Income Tax**" means any Tax based on or measured by income (including without limitation, based on net income, gross income, income as specifically defined, earnings, profits or selected items of income, earnings or profits); and any interest, penalties and additions to tax with respect to any such tax (or any estimate or payment thereof).

"**Intellectual Property**" means all rights to and interests in:

(k) all business and trade names, logos and designs, brand names and slogans Related to the Business; and

(l) all inventions, improvements, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application), industrial designs and applications for registration of industrial designs Related to the Business.

"**knowledge of Acreage**" means the actual knowledge of the Acreage Founder, Kevin Murphy, Chief Executive Officer, James Doherty, General Counsel, and Glen Leibowitz, Chief Financial Officer, without additional inquiry.

"**Law**" means any of the following of, or issued by, any Government, in effect on or prior to the date hereof, including any amendment, modification or supplementation of any of the following from time to time subsequent to the original enactment, adoption, issuance, announcement, promulgation or granting thereof and prior to the date hereof: any statute, law, act, ordinance, code, rule or regulation of any writ, injunction, award, decree, judgment or order.

"**Letter of Intent**" means the letter of intent, dated July 25, 2018, as amended on August 7, 2018 and August 30, 2018, between Acreage and AIM related to the Business Combination.

"**Liability**" of any Person means and include:

(m) any right against such Person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured;

(n) any right against such Person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and

(o) any obligation of such Person for the performance of any covenant or agreement (whether for the payment of money or otherwise).

"**Lien**" means any mortgage, deed of trust, pledge, hypothecation, option, easement, encroachment, right of way, right of first refusal, security interest, encumbrance, claim, lien or charge of any kind.

"**Material Adverse Change**" or "**Material Adverse Effect**" means, with respect to any Party any change, event, effect, occurrence or state of facts that has, or could reasonably be expected to constitute a material adverse change in respect of or to have a material adverse effect on, the business, properties, assets, liabilities (including contingent liabilities), results of operations or financial condition of the party and its subsidiaries, as applicable, taken as a whole. The foregoing shall not include any change or effects attributable to: (i) any matter that has been disclosed in writing to the other Party or any of its Advisers by a Party or any of its Advisers in connection with this Agreement; (ii) changes relating to general economic, political or financial conditions; or (iii) relating to the state of securities markets in general.

"**Multiple Voting Shares**" means the Multiple Voting Shares of AIM having terms and conditions substantially in the form set out in the Articles attached to Schedule B with such amendments as Acreage and AIM may determine, acting reasonably.

"**Name Change**" means the change of AIM's name to "Acreage Holdings, Inc.", or such other name designated by AIM and that is acceptable to the regulatory authorities.

"**New AIM Directors**" has the meaning ascribed to such term in Section 1.12.

"**Non-Breaching Party**" has the meaning ascribed to such term in Section 9.2(b).

"**OBCA**" means the *Business Corporations Act* ("**Ontario**").

"**Parties**" and "**Party**" means the parties to this Agreement.

"**penalty**" means any civil or criminal penalty (including any interest thereon), fine, levy, lien, assessment, charge, monetary sanction or payment, or any payment in the nature thereof, of any kind, required to be made to any Government under any Law.

"**Person**" means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any Government.

"**Proceeding**" means any action, arbitration, claim, complaint, criminal prosecution, demand letter, governmental or other examination or investigation, hearing, inquiry, administrative or other proceeding.

"**Proportionate Voting Shares**" means the Proportionate Voting Shares of AIM having terms and conditions substantially in the form set out in the Articles attached as Schedule C with such amendments as Acreage and AIM may determine, acting reasonably.

"**Receiving Party**" means any Party or its representatives receiving Confidential Information from a Disclosing Party.

"**Reorganization**" has the meaning ascribed to such term in the Recitals.

"**Related to the Business**" means, directly or indirectly, used in, arising from, or relating in any manner to the business of Acreage.

"**Representatives**" when used with respect to any Person, shall mean such Person's directors, officers, employees, representatives, agents, counsel, accountants, advisers, engineers, and consultants.

"**Share Amendments**" means the amendment to AIM's current Articles of Incorporation upon the Continuance to: (i) amend the terms of AIM's Class A Subordinate Voting Shares such that they will have the special rights and restrictions described in Schedule C; (ii) create a new class of shares consisting of an unlimited number of "Multiple Voting Shares" having the special rights and restrictions described in Schedule C; (iii) create a new class of shares consisting of an unlimited number of "Proportionate Voting Shares" having the special rights and restrictions described in Schedule C; (iv) amend the terms of AIM's existing Class B Multiple Voting Shares such that they will have the same special rights and restrictions as the Subordinate Voting Shares pursuant to (i) above; and (v) delete AIM's Class C Preference Shares in their entirety, each with such amendments as Acreage and AIM may determine, acting reasonably.

"**Share Exchange**" has the meaning ascribed to such term in the recitals to this Agreement.

"**Subco**" means HSCP Merger Corp., a wholly-owned subsidiary of AIM, created for the purpose of effecting the Business Combination.

"**Subco Amalgamation Resolution**" means the resolution of AIM, as sole shareholder of Subco, approving the Amalgamation and adopting the Amalgamation Agreement.

"**Subco Shares**" means the common shares in the capital of Subco.

"**Subdivision**" means the subdivision of the class B multiple voting shares of AIM on the basis that each one (1) class B multiple voting share is subdivided into one and one-half (1.5) class B multiple voting shares.

"**Subordinate Voting Share**s" means the Subordinate Voting Shares into which AIM's Class A Subordinate Voting Shares and Class B Multiple Voting Shares will be reclassified, having terms and conditions substantially in the form set out in the Articles attached to Schedule B with such amendments as Acreage and AIM may determine, acting reasonably.

"**Subscription Receipt Agreement**" means the subscription receipt agreement to be entered into among Finco, Acreage, Canaccord Genuity Corp. and Odyssey Trust Company setting out the terms and conditions of the Subscription Receipts.

"**Subscription Receipts**" has the meaning ascribed to such term in Section 1.3.

"**subsidiary**" means, with respect to a specified corporation, any corporation of which more than fifty per cent (50%) of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified corporation, and shall include any corporation in like relation to a subsidiary.

"**Tax**" means any tax, levy, charge or assessment imposed by or due any Government, together with any interest, penalties, and additions to tax relating thereto, including without limitation, any of the following:

(p) any Income Tax;

(q) any franchise, sales, use and value added tax or any license or withholding tax; any payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, alternative or add-on minimum tax; and any customs duties or other taxes;

(r) any tax on property (real or personal, tangible or intangible, based on transfer or gains);

(s) any estimate or payment of any of tax described in the foregoing clauses (a) through (d); and

(t) any interest, penalties and additions to tax with respect to any tax (or any estimate or payment thereof) described in the foregoing clauses (a) through (e).

"**Tax Return**" means all returns, amended returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority with jurisdiction over the applicable party.

SCHEDULE B
AMALGAMATION AGREEMENT

See attached.

AMALGAMATION AGREEMENT

THIS AGREEMENT is made as of the **[♦]** day of **[November]** 2018,

AMONG:

ACREAGE FINCO B.C. LTD., a corporation incorporated under the laws of British Columbia

("**Finco**")

AND:

APPLIED INVENTIONS MANAGEMENT CORP., a corporation existing under the laws of the Province of Ontario to be continued as a corporation under the laws of the Province of British Columbia

("**AIM**")

AND:

HSCP MERGER CORP., a corporation incorporated under the laws of British Columbia

("**Subco**")

WHEREAS

A. Finco and Subco (collectively, the "**Companies**"), acting under the authority set out in the *Business Corporations Act* (British Columbia) (the "**Act**"), have agreed to amalgamate on the terms and conditions set forth herein (the "**Amalgamation**"); and

B. Prior to the Amalgamation, (i) AIM is expected to change its name to "Acreage Holdings, Inc." or such other name designated by the board of directors of AIM, (ii) AIM will restructure its share capital to, among other things, subdivide its class B multiple voting shares on a 1.5 for 1 basis and re-designate its then existing class A subordinate shares and subdivided class B multiple voting shares as "**Class A Subordinate Voting Shares**" (the "**AIM Shares**") and (iii) consolidate the AIM Shares on a [♦] to [♦] basis; and

C. Pursuant to the Amalgamation, AIM will issue AIM Shares to the holders of common shares of Finco (the "**Finco Shares**").

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual agreements, covenants and conditions contained in this Agreement, each of the parties covenants and agrees with the other as follows:

1. In this Agreement, the expression "**Amalgamated Company**" shall mean the company resulting from the Amalgamation.

2. Each of the Companies agrees to amalgamate under the provisions of the Act and to continue as one company under the terms and conditions set out in this Agreement.

3. The Amalgamated Company shall be a company under the provisions of the Act.

4. The name of the Amalgamated Company shall be HSCP Merger Corp.

5. The Amalgamation Application (including the Notice of Articles of the Amalgamated Company) shall contain the information set out in Schedule 1 to this Agreement and the Articles of the Amalgamated Company shall be in the form set out in Schedule 2 to this Agreement, and the said Articles have been signed by the first director of the Amalgamated Company referred to in Section 7 of this Agreement.

6. The mailing and delivery addresses of the registered and records offices of the Amalgamated Company, until changed in accordance with the Act, shall be as set out in the Notice of Articles referred to in Section 5 of this Agreement.

7. The number of directors of the Amalgamated Company, until changed in accordance with the Act and the Articles of the Amalgamated Company, shall be one. The name and prescribed address of the first director of the Amalgamated Company is as follows:

Full Name	Prescribed Address
Kevin P. Murphy	366 Madison Avenue, 11th Floor New York, NY 10017

8. The sole director shall hold office until he ceases to hold office as specified in the Act, or in the Articles of the Amalgamated Company. The sole director shall carry on and continue the operations of the Amalgamated Company in such manner as he shall determine, subject to and in accordance with the Articles of the Amalgamated Company and the Act.

9. The full name and office of the first officer of the Amalgamated Company is:

Full Name	Office
Kevin P. Murphy	President

10. The officer shall hold office at the pleasure of the sole director of the Amalgamated Company.

11. The issued shares of each of Finco and Subco shall be exchanged as follows:

    (a) each outstanding Finco Share shall be exchanged for one AIM Share, following which such Finco Shares shall be cancelled;

    (b) AIM shall receive one common share of the Amalgamated Company (an "**Amalco Share**") for each one common share of Subco (a "**Subco Share**") held by AIM, following which all such Subco Shares shall be cancelled; and

    (c) the Amalgamated Company shall issue to AIM one Amalco Share for each one AIM Share issued to the holders of Finco Shares.

12. After the Amalgamation becomes effective, the shareholders of Finco entitled to receive AIM Shares in exchange for their Finco Shares shall receive a certificate or electronic confirmation representing the number of AIM Shares to which they are so entitled on the basis set out herein.

13. The financial year-end of the Amalgamated Company shall be December 31, until changed by the directors of the Amalgamated Company.

14. The property, rights and interests of each of the Companies immediately prior to the Amalgamation shall continue to be the property, rights and interests of the Amalgamated Company, and the Amalgamated Company shall continue to be liable for all the obligations of each of the Companies immediately prior to the Amalgamation.

15. Each of the Companies may, by special resolution, assent to any alteration or modification of this Agreement which may be necessary or desirable in the opinion of the respective shareholders, as the case may be, of each of the Companies passing such resolution, and all alterations and modifications so assented to shall be binding upon the Companies.

16. The Amalgamation shall take effect at the time of filing of the amalgamation application with the British Columbia Registrar of Companies (the "**Registrar**") if this Agreement has been adopted as required by the Act and all necessary filings have been made with the Registrar and at the records office of the Companies on or before such time, or at such later time and date as may be determined by the directors of the Companies and specified in the amalgamation application when this Agreement has been adopted as required by the Act; provided, however, that if the respective directors of Finco or Subco determine that it is in the best interests of the Companies, or any one of the Companies, not to proceed with the Amalgamation, then Finco or Subco may, by written notice to the other, terminate this Agreement at any time prior to the Amalgamation, and in such event, the Amalgamation shall not take place notwithstanding the fact that this Agreement may have been adopted by the shareholders of the Companies. If this Agreement is not adopted by the shareholders of the Companies as required by the Act, this Agreement shall terminate and become null and void at such time as written notice to that effect is given by Finco or Subco to the other.

17. If this Agreement is adopted by the shareholders of each of the Companies as required by the Act, the Companies agree that they will file with the Registrar the Amalgamation Application containing the information set out in Schedule 1 to this Agreement.

18. Each of the parties agrees to do, execute and deliver, and cause to be done, executed and delivered, all such further acts, deeds, documents and instruments as are necessary or desirable to give full force and effect to this Agreement.

[Remainder of page intentionally left blank - signature page follows]

IN WITNESS WHEREOF each of the parties has duly executed this Agreement the day and year first above written.

ACREAGE FINCO B.C. LTD.

_____
Authorized Signatory

APPLIED INVENTIONS MANAGEMENT CORP.

_____
Authorized Signatory

HSCP MERGER CORP.

_____
Authorized Signatory

SCHEDULE 1

AMALGAMATION APPLICATION

(see attached)

BRITISH COLUMBIA | BC Registry Services

AMALGAMATION APPLICATION

FORM 13 – BC COMPANY

Section 275 *Business Corporations Act*

Telephone: 1 877 526-1526
www.bcregistryservices.gov.bc.ca

DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the *FOIPPA* and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A INITIAL INFORMATION – *When the amalgamation is complete, your company will be a BC limited company.*

What kind of company(ies) will be involved in this amalgamation?
(Check all applicable boxes.)

☑ BC company

☐ BC unlimited liability company

B NAME OF COMPANY – *Choose **one** of the following:*

☑ The name HSCP Merger Corp. is the name reserved for the amalgamated company. The name reservation number is: _____,

OR

☐ The company is to be amalgamated with a name created by adding "B.C. Ltd." after the incorporation number,

OR

☐ The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

_____

The incorporation number of that company is: _____

Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.

C AMALGAMATION STATEMENT – *Please indicate the statement applicable to this amalgamation.*

☐ **With Court Approval:**
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

OR

☑ **Without Court Approval:**
This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

D **AMALGAMATION EFFECTIVE DATE** – *Choose **one** of the following:*

☐ The amalgamation is to take effect at the time that this application is filed with the registrar.

☐ The amalgamation is to take effect at 12:01a.m. Pacific Time on YYYY / MM / DD being a date that is not more than ten days after the date of the filing of this application.

☐ The amalgamation is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on YYYY / MM / DD being a date and time that is not more than ten days after the date of the filing of this application.

E **AMALGAMATING CORPORATIONS**

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1. HSCP Merger Corp.	BC1180135	
2. Acreage Finco B.C. Ltd.	BC1176185	
3.		
4.		
5.		

F **FORMALITIES TO AMALGAMATION**

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

☐ This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

G **CERTIFIED CORRECT** – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
1. Kevin P. Murphy	X	
2. Kevin P. Murphy	X	
3.	X	
4.	X	
5.	X	

NOTICE OF ARTICLES

A NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.

HSCP Merger Corp.

B TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada.

C DIRECTOR NAME(S) AND ADDRESS(ES)

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME	FIRST NAME	MIDDLE NAME	
Murphy	Kevin	P.	
DELIVERY ADDRESS	**PROVINCE/STATE**	**COUNTRY**	**POSTAL CODE/ZIP CODE**
366 Madison Avenue, 11th Floor, New York	NY	USA	10017
MAILING ADDRESS	**PROVINCE/STATE**	**COUNTRY**	**POSTAL CODE/ZIP CODE**
366 Madison Avenue, 11th Floor, New York	NY	USA	10017
LAST NAME	**FIRST NAME**	**MIDDLE NAME**	
DELIVERY ADDRESS	**PROVINCE/STATE**	**COUNTRY**	**POSTAL CODE/ZIP CODE**
MAILING ADDRESS	**PROVINCE/STATE**	**COUNTRY**	**POSTAL CODE/ZIP CODE**
LAST NAME	**FIRST NAME**	**MIDDLE NAME**	
DELIVERY ADDRESS	**PROVINCE/STATE**	**COUNTRY**	**POSTAL CODE/ZIP CODE**
MAILING ADDRESS	**PROVINCE/STATE**	**COUNTRY**	**POSTAL CODE/ZIP CODE**
LAST NAME	**FIRST NAME**	**MIDDLE NAME**	
DELIVERY ADDRESS	**PROVINCE/STATE**	**COUNTRY**	**POSTAL CODE/ZIP CODE**
MAILING ADDRESS	**PROVINCE/STATE**	**COUNTRY**	**POSTAL CODE/ZIP CODE**

D **REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE	PROVINCE	POSTAL CODE
2800 Park Place, 666 Burrard Street, Vancouver	BC	V6C 2Z7
MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE	**PROVINCE**	**POSTAL CODE**
2800 Park Place, 666 Burrard Street, Vancouver	BC	V6C 2Z7

E **RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE	PROVINCE	POSTAL CODE
2800 Park Place, 666 Burrard Street, Vancouver	BC	V6C 2Z7
MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE	**PROVINCE**	**POSTAL CODE**
2800 Park Place, 666 Burrard Street, Vancouver	BC	V6C 2Z7

F **AUTHORIZED SHARE STRUCTURE**

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✔)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✔)	WITH A PAR VALUE OF ($)	Type of currency	YES (✔)	NO (✔)
Common	✔		✔				✔

SCHEDULE 2

ARTICLES OF AMALGAMATION

(see attached)

HSCP MERGER CORP.

(the "Company")

The Company has as its articles the following articles.

Full name and signature of a director	Date of Signing
_____ Kevin P. Murphy	_____, 2018

Incorporation number:_____

HSCP MERGER CORP.
(the "Company")

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ARTICLE 1 - INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

"Act" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

"appropriate person" has the meaning assigned in the *Securities Transfer Act*;

"board of directors", "directors" and **"board"** mean the directors or sole director of the Company for the time being;

"*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

"legal personal representative" means the personal or other legal representative of the shareholder;

"protected purchaser" has the meaning assigned in the *Securities Transfer Act;*

"registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

"registered address" of a director means his or her address as recorded in the Company's register of directors;

"seal" means the seal of the Company, if any;

"securities legislation" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; **"Canadian securities legislation"** means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and **"U.S. securities legislation"** means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the *Securities Act of 1933* and the *Securities Exchange Act of 1934*;

"***Securities Transfer Act***" means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

"**Statutory Reporting Company Provisions**" has the meaning assigned in the Act.

1.2 Applicable Definitions and Rules of Interpretation

The definitions in the Act and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict or inconsistency between a definition in the Act and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the Act will prevail in relation to the use of the terms in these Articles. If there is a conflict between these Articles and the Act, the Act will prevail.

ARTICLE 2 - SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the Act.

2.3 Shareholder Entitled to Certificate or Acknowledgement

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or an acknowledgement to one of several joint shareholders or a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail, or stolen or is otherwise undelivered.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgement on such other terms, if any, as they think fit, cancel the share certificate or acknowledgement and issue a replacement share certificate or acknowledgement, as the case may be.

2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

(a) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;

(b) provides the Company with an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and

(c) satisfies any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the

Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights on the indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as represented by the surrendered share certificate, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any, determined by the directors, which must not exceed the amount prescribed under the Act.

2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

ARTICLE 3 - ISSUE OF SHARES

3.1 Directors Authorized

Subject to the Act and the rights of the holders of issued shares of the Company, if any, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a par value share must be equal to or greater than the par value of the share and may include a premium.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure buyers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the Act, no share may be issued until it is fully paid. A share is fully paid when:

(a) consideration is provided to the Company for the issue of the share by one or more of the following:

(i) past services performed for the Company;

(ii) property;

(iii) money; and

(b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the Act, the Company may issue share purchase warrants, options and rights (with or without other securities issued or created by the Company) upon such terms and conditions as the directors determine.

ARTICLE 4 - SHARE REGISTERS

4.1 Central Securities Register

The Company must keep or cause to be kept a central securities register in accordance with the Act. The directors may, subject to the Act, appoint an agent to maintain and keep the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as (a) transfer agent for any class or series of its shares, and (b) as registrar for any class or series of its shares. The directors may terminate the appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

ARTICLE 5 - SHARE TRANSFERS

5.1 Registering Transfers

Subject to Article 27 and the Act, a transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of shares to be transferred has received:

(a) a duly signed instrument of transfer in respect of the share;

(b) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(c) in the case of a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(d) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and

(e) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of shares to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors or the transfer agent for the class or series of shares to be transferred.

5.3 Transferor Remains Shareholder

Except to the extent that the Act otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgements deposited with the instrument of transfer:

(a) in the name of the person named as transferee in that instrument of transfer; or

(b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Inquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered. No liability will arise relating to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

The directors may impose a transfer registration fee payable to the Company.

ARTICLE 6 - TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In the case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of the *Securities Transfer Act* has been deposited with the Company.

ARTICLE 7 - ACQUISITION OF COMPANY'S SHARES

7.1 Company Authorized to Purchase or Otherwise Acquire Shares

Subject to Article 7.2, the special rights or restrictions attached to the shares of any class or series of shares and the Act, the Company may, by a directors' resolution, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 No Purchase, Redemption or Other Acquisition When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(a) the Company is insolvent; or

(b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

7.4 Redemption

If the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed are to be selected.

ARTICLE 8 - BORROWING POWERS

8.1 Powers of Directors

The Company, if authorized by the directors, may:

(a) borrow money in the manner and amount on the security, from the sources and on the terms and conditions that the directors consider appropriate;

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;

(c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

ARTICLE 9 - ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the Act, the Company may, by special resolution:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any class or series of its shares; or

(g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act;

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

9.2 Special Rights or Restrictions

Subject to the Act, the Company may by special resolution:

(a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

The Company may by special resolution authorize an alteration to its Notice of Articles in order to change its name and may, by ordinary resolution or directors' resolution, adopt or change any translation of that name.

9.4 Other Alterations

If the Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may resolve to alter these Articles by a special resolution.

ARTICLE 10 - MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the Act, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Annual General Meeting by Consent Resolutions

If all of the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date selected in the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article select, as the Company's annual reference date, a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders to be held at such time and place as may be determined by the directors.

10.4 Notice of Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting and to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(a) if and for so long as the Company is a public company, 21 days; or

(b) otherwise, 10 days.

10.5 Notice of Resolution to Which Shareholders May Dissent

The Company must send to each of its shareholders whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered that specifies the date of the meeting and contains a statement advising of the right to send a notice of dissent and a copy of the proposed resolution.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, and the record date must not precede the date on which the meeting is to be held by more than two months (or four months if the meeting is requisitioned), or by fewer than:

(a) if and for so long as the Company is a public company, 21 days; or

(b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Act, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(i) at the Company's records office, or at such other reasonably accessible location in British Columbia or by electronic access as is specified in the notice; and

(ii) during statutory business hours on any one or more specified days before the day set for holding the meeting.

10.10 Shareholder Meetings Outside British Columbia

The directors may determine the location of any general meetings to be held outside British Columbia.

10.11 Notice of Dissent Rights

The minimum number of days, before the date of a meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered, by which a copy of the proposed resolution and a notice of the meeting specifying the date of the meeting and advising of the right to send a notice of dissent is to be sent pursuant to the Act to all shareholders of the Company, whether or not their shares carry the right to vote, is:

(a) if and for so long as the Company is a public company, 21 days; or

(b) otherwise, 10 days.

ARTICLE 11 - PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting; and

(b) at an annual general meeting, all business is special business except for the following:

(i) business relating to the conduct of or voting at the meeting;

(ii) consideration of any financial statements of the Company presented to the meeting;

(iii) consideration of any reports of the directors or auditor;

(iv) the setting or changing of the number of directors;

(v) the election or appointment of directors;

(vi) the appointment of an auditor;

(vii) the setting of the remuneration of an auditor;

(viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and

(ix) any other business which, under these Articles or the Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(a) the quorum is one person who is, or who represents by proxy, that shareholder; and

(b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(a) in the case of a general meeting convened by requisition of shareholders, the meeting is dissolved; and

(b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.8 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present by the directors or by the chair of the meeting and any persons entitled or required under the Act to be present at the meeting, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at that meeting.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(a) the chair of the board, if any;

(b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any; or

(c) if the chair of the board and the president are unwilling, unable or unavailable to act as chair of the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.12 Decisions by Show of Hands or Poll

Subject to the provisions of the Act, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. Unless a poll is directed or demanded, a declaration of the chair that a resolution is carried by the necessary majority or is defeated is conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 Casting Vote

In the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.17, if a poll is duly demanded at a meeting of shareholders:

(a) the poll must be taken:

(i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(ii) in the manner, at the time and at the place that the chair of the meeting directs; and

(b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(c) the demand for the poll may be withdrawn by the person who demanded it.

11.17 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.18 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.19 Shareholder Voting Multiple Shares

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.20 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of the meeting for a transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

ARTICLE 12 - VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter, has one vote; and

(b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of the Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a personal or other legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(a) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(a) for that purpose, the instrument appointing a representative must:

(i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(ii) be received, at the meeting, by the chair of the meeting or to a person designated by the chair of the meeting; and

(b) if a representative is appointed under this Article:

(i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 When Proxy Provisions Do Not Apply to the Company

If and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.16 apply only insofar as they are not inconsistent with any applicable legislation or any Canadian securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;

(c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or

(d) the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

(a) be received at the registered office of the Company or at any other place specified in the notice calling the meeting, for the receipt of proxy, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) unless the notice provides otherwise, be received, at the meeting, by the chair of the meeting or by a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

Signed *[month, day year]*

_____

[Signature of shareholder]

_____

[Name of shareholder - printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

(a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxies Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her personal or other legal representative or trustee in bankruptcy; or

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

12.16 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

ARTICLE 13 - DIRECTORS

13.1 Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Act. The number of directors, excluding additional directors appointed under Article 14.7, is:

(a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors;

(b) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given) of the shareholders; or

(c) the number of directors set under Article 14.4.

If the Company is a public company, the number of directors must not be less than three.

13.2 Change in Number of Directors

If the number of directors is set under Article 13.1(b):

(a) the shareholders may elect the directors needed to fill any vacancies in the board of directors that result from that change; and

(b) subject to Article 14.7, if the shareholders do not elect the directors needed to fill any vacancies in the board of directors that result from that change, the directors may appoint additional directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors required by Article 13.1 are in office.

13.4 Qualifications of Directors

A director is not required to hold a share of the Company as qualification for his or her office but must be qualified as required by the Act to become, to act or continue to act as a director.

13.5 Remuneration and Expenses of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director. The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company. If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration, fixed by the directors, or, at the option of that director, fixed by ordinary resolution and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive. Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

ARTICLE 14 - ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting or in the unanimous resolution contemplated by Article 10.2:

(a) the shareholders entitled to vote at the annual general meeting for the election of directors are entitled to elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(a) that individual consents to be a director in the manner provided for in the Act;

(b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(c) with respect to the first directors, the designation is otherwise valid under the Act.

14.3 Failure to Elect or Appoint Directors

If the Company fails to hold an annual general meeting in accordance with the Act, or if the Company fails, at an annual general meeting or in a unanimous resolution contemplated by Article 10.2, to elect or appoint any directors, each director then in office continues to hold office until the earlier of:

(a) when his or her successor is elected or appointed; and

(b) when he or she otherwise ceases to hold office under the Act or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set, pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Vacancies on Board

Any casual vacancy occurring in the board of directors may be filled by the directors or director. If the Company has no directors or fewer directors in office than the number set by these Articles as the necessary quorum for the directors the shareholders may by ordinary resolution appoint or elect directors to fill the vacancies of the board.

14.6 Remaining Directors' Power to Act

The remaining directors may act notwithstanding any vacancy in the board, but if and so long as the number is reduced below the number fixed pursuant to these Articles as the necessary quorum of directors, the remaining directors may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

14.7 Additional Directors

Notwithstanding Articles 13.1 and 13.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article must not at any time exceed:

(a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article.

Any director so appointed ceases to hold office immediately before the election or appointment of directors under Article 14.1(a), but is eligible for election at the meeting or appointment by unanimous resolution contemplated under Article 14.1(a). If the appointment or election of such directors is made as an additional director, the number of directors is deemed increased accordingly.

14.8 Ceasing to be a Director

A director will cease to be a director when:

(a) the term of office of the director expires;

(b) the director dies, or resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(c) the director is removed from office pursuant to Article 14.9.

14.9 Removal of Director

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event the shareholders may appoint another individual as director by ordinary resolution to fill the resulting vacancy. If the shareholders do not appoint a director to fill the vacancy thereby created at the meeting at which, or in the consent resolution by which, the director was removed, then either the directors or the shareholders by ordinary resolution may appoint an additional director to fill that vacancy. The directors may remove any director before the expiration of his or her period of office if the director is convicted of an indictable offence or otherwise ceases to qualify as a director and the directors may appoint another person in his or her stead.

ARTICLE 15 - ALTERNATE DIRECTORS

15.1 Appointment of Alternate Directors

Any director (an "appointor") may by notice in writing received by the Company appoint any person (or "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointing director is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to the appointor within a reasonable time after the delivery of the notice of appointment received by the Company.

15.2 Notice of Meetings

Every alternate director is entitled to notice of meetings of directors or committees of the directors, of which his or her appointor is a member and to attend and vote as a director at a meeting at which his or her appointor is not personally present.

15.3 Alternate for More Than One Director Attending Meeting

A person may be appointed as an alternate director by more than one director, and an alternate director:

(a) will be counted in determining the quorum for a meeting of directors once for each appointor and, in the case of an appointor who is also a director, once more in that capacity;

(b) has a separate vote at a meeting of directors for each appointor and, in the case of an appointor who is also a director, an additional vote in that capacity;

(c) will be counted in determining the quorum for a meeting of a committee of directors once for each appointor who is a member of that committee and, in the case of an appointor who is also a member of that committee as a director, once more in that capacity; and

(d) has a separate vote at a meeting of a committee of directors for each appointor who is a member of that committee and, in the case of an appointor who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the instrument appointing him or her, may sign in place of the director who appointed him or her any resolutions submitted to the directors to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of a director appointing him or her.

15.6 Revocation of Appointment of Alternate Director

A director may at any time by notice in writing to the Company, revoke the appointment of an alternate appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(a) his or her appointor ceases to be a director (and is not promptly re-elected or re- appointed);

(b) the alternate director dies, or resigns as an alternate director by notice in writing provided to the Company;

(c) the alternate director ceases to be qualified to act as a director; or

(d) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

An alternate director may be reimbursed by the Company such expenses as might properly be repaid to him or her if he or she were a director and he or she is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

ARTICLE 16 - POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the Act and these Articles, manage, or supervise the management of, the affairs and business of the Company and will have the authority to exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument under the seal, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the powers of the directors relating to the constitution of the board of directors and of any of its committees and the appointment or removal of officers and the power to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors think fit, and any such appointment may be made in favour of any corporation, firm or person or body of persons, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub- delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

ARTICLE 17 - INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Act.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who has a disclosable interest in a contract or transaction and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Act.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as seller, buyer or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

ARTICLE 18 - PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit and meetings of the board held at regular intervals may be held at the place, at the time and on the notice, if any, as the board may by resolution from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meeting

Meetings of directors may be chaired by:

(a) the chair of the board, if any;

(b) in the absence of the chair of the board, the president, if any, if the president is a director; or

(c) any other director chosen by the directors if:

(i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

(ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

(iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the board of directors or of any committee of the directors in person or by means of conference telephones or, with the consent of the Company, by other communications facilities if all directors participating in the meeting can communicate with each other and provided that all such directors agree to such participation. A director participating in a meeting in accordance with this Article will be deemed to be present at the meeting and to have so agreed and will be counted in the quorum therefor and be entitled to speak and vote and otherwise participate in the meeting in accordance with the Act. A director who participates in a meeting in a manner contemplated by this Article is deemed for all purposes of the Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling and Notice of Meetings

A director may, and the secretary or assistant secretary, if any, on request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the board pursuant to Article 18.1, or as provided in Article 18.7, reasonable notice of each meeting of the directors, specifying the place, day and hour of that meeting must be given to each of the directors and if a director so requires in writing, the alternate director appointed by that director:

(a) by mail addressed to the director's address as it appears on the books of the Company or to any other address provided to the Company by the director for this purpose;

(b) by leaving it at the director's prescribed address or at any other address provided to the Company by the director for this purpose;

(c) orally or by telephone, or by delivery of written notice; or

(d) if agreed by the intended recipient, by e-mail, fax or any other method of legibly transmitting messages agreed to by the intended recipient.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

(a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(b) the director has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meeting

Any director or alternate director of the Company may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until such waiver is withdrawn, no notice need be given to such director or, unless the director otherwise requires in writing to the Company, to his or her alternate director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of the directors is a waiver of entitlement to notice of the meeting, unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors is two directors or, if the number of directors is one, is one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the provisions of the Act, all acts done by any director or officer will, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such director or officer, or that they or any of them were disqualified, be as valid as if each such person had been duly elected or appointed and was qualified to be a director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who has not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article 18.12 may be by any written instrument, fax, email or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

ARTICLE 19 - EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may by resolution appoint an executive committee (the "Committee") to consist of such director or directors as they think appropriate. Such Committee will have, and may exercise during the intervals between the meetings of the board of directors, all powers of the directors except the power to:

(a) fill vacancies in the board;

(b) remove a director;

(c) change membership of any committees of directors; and

(d) such other powers, as may be set out in any directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(a) appoint one or more committees consisting of the director or directors that they consider appropriate;

(b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:

(i) the power to fill vacancies of the board;

(ii) the power to remove a director;

(iii) the power to change the membership of, or fill vacancies in, any committee of the board; and

(iv) the power to appoint or remove officers appointed by the board; and

(c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution.

19.3 Obligations of Committees

Any committee formed under Article 19.1, in the exercise of the powers delegated to it, must:

(a) conform to any rules that may from time to time be imposed on it by the directors; and

(b) report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held after the act or thing has been done or at such time as the directors may require.

19.4 Powers of Board

The board may, at any time:

(a) revoke or alter the authority given to a committee, or override a decision made by a committee, except as to acts done before such revocation, alteration or overriding;

(b) terminate the appointment of, or change the membership of, a committee; and

(c) fill vacancies in a committee.

19.5 Committee Meetings

Subject to Article 19.2:

(a) the members of a directors' committee may meet and adjourn as they think proper;

(b) a directors' committee may elect a chair of its meetings but, if no chair of the meeting is elected, or if at any meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(c) a majority of the members of a directors' committee constitutes a quorum of the committee; and

(d) questions arising at any meeting of a directors' committee are determined by a majority of votes of the members present, and in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

ARTICLE 20 - OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors will determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The board may, for each officer:

(a) determine the functions and duties the officer is to perform;

(b) delegate to the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors determine; and

(c) from time to time revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer will be appointed unless that officer is qualified in accordance with the provisions of the Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director will be a director. The other officers need not be directors.

20.4 Remuneration

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits, pensions, gratuity, or otherwise) that the board thinks fit and are subject to termination at the discretion of the board.

ARTICLE 21 - INDEMNIFICATION

21.1 Definitions

In this Article:

(a) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(b) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a person to be indemnified under this Article (an "eligible party") or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director, officer, employee or agent of the company or an associated corporation:

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding; and

(c) "expenses" includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding.

21.2 Mandatory Indemnification of Directors

Subject to the Act, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article.

21.3 Permitted Indemnification

Subject to any restrictions in the Act, the Company may indemnify any person.

21.4 Non-Compliance with the Act

The failure of a director or officer of the Company to comply with the provisions of the Act or of the Notice of Articles, these Articles or, if applicable, any former *Companies Act* or former articles will not invalidate any indemnity to which he or she is entitled under this Article 21.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(a) is or was a director, alternate director, officer, employee or agent of the Company;

(b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or

(d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

21.6 Indemnification of Directors

The directors must cause the Company to indemnify its directors and former directors and their respective heirs and personal or other legal personal representatives to the greatest extent permitted by the Act.

21.7 Deemed Contract

Each person specified in Article 21.2 is deemed to have contracted with the Company on the terms of the indemnity referred to in that Article.

ARTICLE 22 - DIVIDENDS AND RESERVES

22.1 Declaration of Dividends

Subject to the rights, if any, of shareholders holding shares with special rights as to dividends, the directors may from time to time declare and authorize payment of such dividends, if any, as they may consider appropriate.

22.2 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.1.

22.3 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of paid up shares or fractional shares, bonds, debentures or other debt obligations of the Company or any other corporation, or in any one or more of those ways, and, if any difficulty arises in regard to the distribution, the directors may settle the difficulty as they think expedient, and, in particular, may set the value for distribution of specific assets.

22.4 Basis and Payment

Subject to the rights, if any, of shareholders holding shares with special rights as to dividends:

(a) any dividend declared on shares of any class or series by the directors may be made payable on such date as is fixed by the directors; and

(b) all dividends on shares of any class or series will be declared and be paid according to the number of such shares held.

22.5 Reserves

The directors may, before declaring any dividend, set aside out of the funds properly available for the payment of dividends such sums as they think proper as a reserve or reserves which may, at the discretion of the directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which such funds of the Company may be properly applied, and pending such application such funds may, in the discretion of the directors, either be employed in the business of the Company or be invested in such investments as the directors may from time to time think fit.

22.6 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other monies payable in respect of the share.

22.7 Dividend Bears No Interest

No dividend will bear interest against the Company.

22.8 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.9 Payment of Dividends

Any dividend, bonuses or other distribution payable in money in respect of shares may be paid by cheque sent through the post directed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of that one of the joint shareholders who is first named on the central securities register, or to such person and to such address as the shareholder or joint shareholders may direct in writing. Every such cheque must be made payable to the order of the person to whom it is sent. The mailing of such cheque will, to the extent of the sum represented thereby (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend, unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.10 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus on hand of the Company and may from time to time issue as fully paid and non-assessable any unissued shares, or any bonds, debentures or debt obligations of the Company as a dividend representing part or all of such retained earnings or surplus so capitalized or any part thereof.

ARTICLE 23 - ACCOUNTING RECORDS AND AUDITOR

23.1 Keeping Documents, Minutes, Etc.

The Company must keep at its records office, or at such other place as the Act may permit, the documents, copies, registers, minutes and other records which the Company is required by the Act to keep at such places. The shareholders, by ordinary resolution, may set restricted hours for access to records in the records office in accordance with the Act.

23.2 Keeping Books of Account

The Company must keep or cause to be kept proper books of account and accounting records in respect of all financial and other transactions of the Company and in compliance with the provisions of the Act.

23.3 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by an ordinary resolution, no shareholder of the Company is entitled to inspect the accounting records of the Company.

23.4 Remuneration of Auditor

The directors may set the remuneration of the auditor.

ARTICLE 24 - NOTICES

24.1 Method of Giving Notice

Unless the Act or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

(a) mail addressed to the person at the applicable address for that person as follows:

(i) for a record mailed to a shareholder, the shareholder's registered address;

(ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class; or

(iii) in any other case the mailing address of the intended recipient;

(b) delivery at the applicable address for that person as follows, addressed to the person:

(i) for a record delivered to a shareholder, the shareholder's registered address;

(ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class; or

(iii) in any other case, the delivery address of the intended recipient;

(c) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(d) unless the intended recipient is the auditor of the Company, sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or

(e) physical delivery to the intended recipient.

24.2 Deemed Receipt

(a) A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

(b) a record that is faxed to a person referred to in Article 24.1 is deemed to be received by that person on the day it was faxed; and

(c) a record that was emailed to a person referred to in Article 24.1 is deemed to be received by the person to whom it was emailed on the day it was emailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(a) mailing the record, addressed to them:

(i) by name, by the title of the legal representative of the deceased or incapacitated shareholder by the title of trustee of the bankrupt shareholder or by any similar description; and

(ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(b) if an address referred to in Article 24.1(a)(ii) has been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company will not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

ARTICLE 25 - RECORD DATES

25.1 Fixing Record Date

The directors may fix in advance a date, which must not be more than the maximum number of days permitted by the Act, preceding the date of any meeting of shareholders or any class or series thereof or of the payment of any dividend or of the proposed taking of any other proper action requiring the determination of shareholders, as the record date for the determination of the shareholders entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or for any other proper purpose and, in such case, notwithstanding anything elsewhere contained in these Articles, only shareholders of record on the date so fixed are deemed to be shareholders for the purposes aforesaid.

25.2 If No Record Date Fixed

If no record date is fixed for the determination of shareholders, the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, is the record date for such determination.

ARTICLE 26 - SEAL

26.1 Custody and Use of Seal

The directors may provide a seal for the Company and, if they do so, will provide for its safe custody and it will not be impressed on any instrument except when such impression is attested by the signature or signatures of:

(a) any two directors;

(b) any officer together with any director;

(c) if the Company has one director, that director; or

(d) such one or more directors or officers or persons as may be prescribed from time to time by resolution of the directors.

For the purpose of certifying under seal true copies of any resolution or other document, the seal may be impressed on such copy attested by the signature of any one director or officer.

26.2 Signing Authority

In the event that the Company does not have a seal or wishes to execute a document without affixing a seal, any documents requiring signature on behalf of the Company may be signed by any one of the directors or officers of the Company, unless a contrary intention is expressed in a directors' resolution.

26.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be affixed by third parties to bonds, debentures, share certificates or other securities of the Company as they may determine appropriate from time to time.

ARTICLE 27 - PROHIBITIONS

27.1 Definitions

In this Article:

(a) "security" has the meaning assigned in the *Securities Act* (British Columbia); and

(b) "transfer restricted security" means:

(i) a share of the Company;

(ii) a security of the Company convertible into shares of the Company;

(iii) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the "private issuer" exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the "private issuer" exemption.

27.2 Consent Required for Transfer of Shares or Transfer Restricted Securities

No share or other transfer restricted security of the Company may be transferred without the previous consent of the directors expressed by a resolution of the board of directors and the directors are not required to give reasons for refusing to consent to such proposed transfer. The foregoing provision does not apply if and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its articles or to which the Statutory Reporting Company Provisions apply.

SCHEDULE C

ARTICLES UPON CONTINUANCE

See attached.

ACREAGE HOLDINGS, INC.

(the "Company")

The attached are the Articles of the Company pursuant to Section 302(i)(c) of the *Business Corporations Act* (British Columbia) following the continuance of the Company into British Columbia on •, 2018.

Full name and signature of a director	Date of Signing
_____ Signature Name of Director: _____	●, 2018

Incorporation Number: ●

ACREAGE HOLDINGS, INC.

(THE "COMPANY")

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ARTICLE 1 - INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(a) "**Act**" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(b) "**appropriate person**" has the meaning assigned in the *Securities Transfer Act*;

(c) "**board of directors**", "**directors**" and "**board**" mean the directors or sole director of the Company for the time being;

(d) "***Interpretation Act***" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(e) "**legal personal representative**" means the personal or other legal representative of the shareholder;

(f) "**protected purchaser**" has the meaning assigned in the *Securities Transfer Act*;

(g) "**registered address**" of a shareholder means the shareholder's address as recorded in the central securities register;

(h) "**seal**" means the seal of the Company, if any;

(i) "**securities legislation**" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; "Canadian securities legislation" means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and "U.S. securities legislation" means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the *Securities Act* of 1933 and the *Securities Exchange Act* of 1934;

(j) "***Securities Transfer Act***" means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act; and

(k) "**Statutory Reporting Company Provisions**" has the meaning assigned in the Act.

1.2 Applicable Definitions and Rules of Interpretation

The definitions in the Act and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict or inconsistency between a definition in the Act and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the Act will prevail in relation to the use of the terms in these Articles. If there is a conflict between these Articles and the Act, the Act will prevail.

ARTICLE 2 - SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the Act. The directors may, by resolution, provide that; (a) the shares of any or all of the classes and series of the Company's shares must be uncertificated shares; or (b) any specified shares must be uncertificated shares. Within reasonable time after the issue or transfer of a share that is an uncertificated share, the Company must send to the shareholder a written notice containing the information required to be stated on a share certificate under the Act.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, on request, to receive, without charge, (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to a duly acknowledged agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail, stolen or otherwise undelivered.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

(a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(b) any indemnity the directors consider adequate.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights on the indemnity, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the Act, determined by the directors.

2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

2.11 Direct Registration System

For greater certainty, but subject to this Article 2.11, a registered shareholder may have his holdings of shares of the Company evidenced by an electronic, book-based, direct registration system or other non- certificated entry or position on the register of shareholders to be kept by the Company in place of a physical share certificate pursuant to such registration system as may be adopted by the Company, in conjunction with its transfer agent. This Article 2.11 shall be read such that a registered holder of shares of the Company pursuant to any such electronic, book-based, direct registration service or other non- certificated entry or position shall be entitled to all of the same benefits, rights and entitlements and shall incur the same duties and obligations as a registered holder of shares evidenced by a physical share certificate. The Company and its transfer agent may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a share registration system by electronic, book-based, direct registration system or other non-certificated means.

ARTICLE 3 - ISSUE OF SHARES

3.1 Directors Authorized

Subject to the Act, the rights of the holders of issued shares of the Company, and Article 27.6(b)(ii), the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share and may include a premium.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the Act, no share may be issued until it is fully paid. A share is fully paid when:

(a) consideration is provided to the Company for the issue of the share by one or more of the following:

(i) past services performed for the Company;

(ii) property;

(iii) money; and

(b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the Act, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

ARTICLE 4 - SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the Act, the Company must maintain in British Columbia a central securities register. The directors may, subject to the Act, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

ARTICLE 5 - SHARE TRANSFERS

5.1 Registering Transfers

Subject to Article 25 and Article 28.7, no transfer of a share of the Company shall be registered unless the following has been received by the Company:

(a) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(b) in the case of a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(c) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and

(d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of shares to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

5.2 Form of Instrument of Transfer

An instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors, or the transfer agent for the class or series of shares to be transferred, from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the Act otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(a) in the name of the person named as transferee in that instrument of transfer; or

(b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

ARTICLE 6 - TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the Act and the directors have been deposited with the Company.

ARTICLE 7 - PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the Act, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(a) the Company is insolvent; or

(b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

7.4 Redemption

If the Company proposes to redeem some but not all of the shares of any class or series, the directors may, subject to the special rights and restrictions attached to such class or series of shares, decide the manner in which the shares to be redeemed are to be selected.

ARTICLE 8 - BORROWING POWERS

The Company, if authorized by the directors, may:

(a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

ARTICLE 9 - ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the Act, the Company may by resolution of the directors:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) subject to Article 26.5 and Article 27.5, subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any of its shares; or

(g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act.

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

9.2 Special Rights and Restrictions

Subject to the Act, the Company may by special resolution:

(a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

The Company may by resolution of the directors or by special resolution authorize an alteration to its Notice of Articles in order to change its name and may, by ordinary resolution or directors' resolution, adopt or change any translation of that name.

9.4 Other Alterations

If the Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

ARTICLE 10 - MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the Act, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the Act to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date selected in the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders, to be held at such time and place as the directors may determine.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(a) if and for so long as the Company is a public company, 21 days;

(b) otherwise, 10 days.

10.5 Notice of Resolution to Which Shareholders May Dissent

The Company must send to each of its shareholders whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered that specifies the date of the meeting and contains a statement advising of the right to send a notice of dissent and a copy of the proposed resolution.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(a) if and for so long as the Company is a public company, 21 days;

(b) otherwise, 10 days.

If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Act, by more than four months. If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(i) at the Company's records office, or at such other reasonably accessible location in British Columbia or by electronic access as is specified in the notice; and

(ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

10.10 Location of Annual General Meeting

The Company may by resolution of the directors choose a location outside of British Columbia for the purpose of any general meeting of shareholders.

10.11 Notice of Dissent Rights

The minimum number of days, before the date of a meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered, by which a copy of the proposed resolution and a notice of the meeting specifying the date of the meeting and advising of the right to send a notice of dissent is to be sent pursuant to the Act to all shareholders of the Company, whether or not their shares carry the right to vote, is:

(a) if and for so long as the Company is a public company, 21 days; or

(b) otherwise, 10 days.

ARTICLE 11 - PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(b) at an annual general meeting, all business is special business except for the following:

(i) business relating to the conduct of or voting at the meeting;

(ii) consideration of any financial statements of the Company presented to the meeting;

(iii) consideration of any reports of the directors or auditor;

(iv) the setting or changing of the number of directors;

(v) the election or appointment of directors;

(vi) the appointment of an auditor;

(vii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(viii) any other business which, under these Articles or the Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders entitled to vote at the meeting who hold, in the aggregate, at least 25% of the votes attached to the outstanding voting shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(a) the quorum is one person who is, or who represents by proxy, that shareholder, and

(b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present by the directors or by the chair of the meeting and any persons entitled or required under the Act to be present at the meeting, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at that meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(a) the chair of the board, if any; or

(b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the Act, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(a) the poll must be taken:

(i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(ii) in the manner, at the time and at the place that the chair of the meeting directs;

(b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(c) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

ARTICLE 12 - VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(a) for that purpose, the instrument appointing a representative must:

(i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;

(b) if a representative is appointed under this Article 12.5:

(i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.14 apply only insofar as they are not inconsistent with any applicable legislation, including without limitation securities legislation, or the rules of any stock exchange on which securities of the Company may be listed.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders who need not be shareholders to act in the place of an absent proxy holder.

12.9 Deposit of Proxy

A proxy for a meeting of shareholders must:

(a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.10 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) by the chair of the meeting, before the vote is taken.

12.11 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the undersigned):

Signed [month, day, year]

_____

[Signature of shareholder]

_____

[Name of shareholder - printed]

12.12 Revocation of Proxy

Subject to Article 12.13, every proxy may be revoked by an instrument in writing that is:

(a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) provided, at the meeting, to the chair of the meeting.

12.13 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.12 must be signed as follows:

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.14 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

ARTICLE 13 - DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors;

(b) if the Company is a public company, the greater of three and the most recently set of:

(i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(ii) the number of directors set under Article 14.4;

(c) if the Company is not a public company, the most recently set of:

(i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(ii) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(b)(i) or 13.1(c)(i):

(a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share of the Company as qualification for his or her office but must be qualified as required by the Act to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

ARTICLE 14 - ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(a) that individual consents to be a director in the manner provided for in the Act;

(b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(c) with respect to first directors, the designation is otherwise valid under the Act.

14.3 Failure to Elect or Appoint Directors

If:

(a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the Act; or

(b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(c) the date on which his or her successor is elected or appointed; and

(d) the date on which he or she otherwise ceases to hold office under the Act or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors but, if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purposes of appointing directors up to that number, summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors, or, subject to the Act, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders by ordinary resolution may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(a), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(a) the term of office of the director expires;

(b) the director dies;

(c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may by ordinary resolution elect or appoint a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

ARTICLE 15 - POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the powers of the directors related to the constitution of the board of directors and any committee of the directors, to appoint or remove officers and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub- delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

15.3 Remuneration of the auditor

The directors may set the remuneration of the auditor without the prior approval of the shareholders.

ARTICLE 16 - DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Act.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Act.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer

Subject to the Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

ARTICLE 17 - PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting will not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

(a) the chair of the board, if any;

(b) in the absence of the chair of the board, the president, if any, if the president is a director; or

(c) any other director chosen by the directors if:

(i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

(ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

(iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone or by other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the Act and these Articles to be present at the meeting.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, or as provided in Article 17.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

(a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(b) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director. Attendance of a director at a meeting of the directors is a waiver of entitlement to notice of the meeting, unless that director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors is a majority of directors.

17.11 Validity of Acts Where Appointment Defective

Subject to the Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by any written instrument, fax, email or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

ARTICLE 18 - EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:

(i) the power to fill vacancies in the board of directors;

(ii) the power to remove a director;

(iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(iv) the power to appoint or remove officers appointed by the directors; and

(c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

(a) conform to any rules that may from time to time be imposed on it by the directors; and

(b) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

(a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(b) terminate the appointment of, or change the membership of, the committee; and

(c) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

(a) the committee may meet and adjourn as it thinks proper;

(b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their members to chair the meeting;

(c) a majority of the members of the committee constitutes a quorum of the committee; and

(d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

ARTICLE 19 - OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(a) determine the functions and duties of the officer;

(b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

ARTICLE 20 - INDEMNIFICATION

20.1 Definitions

In this Article 20:

(a) "**eligible party**" means an individual who:

(i) is or was a director or officer of the Company;

(ii) is or was a director or officer of another corporation,

A. at a time when the corporation is or was an affiliate of the Company, or

B. at the request of the Company; or

(iii) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity;

(b) "**eligible penalty**" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(c) "**eligible proceeding**" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which an eligible party or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of the Company:

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(d) "**expenses**" has the meaning set out in the Act.

20.2 Mandatory Indemnification of Eligible Parties

Subject to the Act, the Company must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the Act, the Company may indemnify any person.

20.4 Non-Compliance with Act

The failure of an eligible party to comply with the Act or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(a) is or was a director, officer, employee or agent of the Company;

(b) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(c) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(d) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

ARTICLE 21 - DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5:00 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(a) set the value for distribution of specific assets;

(b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(c) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing all or part of such retained earnings or surplus or any part of the retained earnings or surplus.

ARTICLE 22 - DOCUMENTS, RECORDS AND REPORTS

22.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Act.

22.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

ARTICLE 23 - NOTICES

23.1 Method of Giving Notice

Unless the Act or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

(a) mail addressed to the person at the applicable address for that person as follows:

(i) for a record mailed to a shareholder, the shareholder's registered address;

(ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

(iii) in any other case, the mailing address of the intended recipient;

(b) delivery at the applicable address for that person as follows, addressed to the person:

(i) for a record delivered to a shareholder, the shareholder's registered address;

(ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(iii) in any other case, the delivery address of the intended recipient;

(c) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(d) unless the intended recipient is the auditor of the Company, sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

(e) physical delivery to the intended recipient.

23.2 Deemed Receipt of Mailing

(a) A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

(b) a record that is faxed to a person referred to in Article 23.1 is deemed to be received by that person on the day it was faxed; and

(c) a record that was emailed to a person referred to in Article 23.1 is deemed to be received by the person to whom it was emailed on the day it was emailed.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(a) mailing the record, addressed to them:

(i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(b) if an address referred to in paragraph (a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

23.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 23.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company will not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

ARTICLE 24 - SEAL

24.1 Who May Attest Seal

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(a) any two directors;

(b) any officer, together with any director;

(c) if the Company only has one director, that director; or

(d) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

24.3 Signing Authority

In the event that the Company does not have a seal or wishes to execute a document without affixing a seal, any documents requiring signature on behalf of the Company may be signed by any one or more of the directors or officers of the Company, unless a contrary intention is expressed in a directors' resolution.

24.4 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

ARTICLE 25 - PROHIBITIONS

25.1 Definitions

In this Article 25:

(a) "**designated security**" means a security of the Company other than a non-convertible debt security;

(b) "**security**" has the meaning assigned in the *Securities Act* (British Columbia);

25.2 Application

Article 25 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

25.3 Consent Required for Transfer of Shares or Designated Securities

Subject to Article 25.2, no share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

ARTICLE 26 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO SUBORDINATE VOTING SHARES

26.1 Voting

The holders of Class A subordinate voting shares ("**Subordinate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Each Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

26.2 Alteration to Rights of Subordinate Voting Shares

So long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares expressed by separate special resolution, alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

26.3 Dividends

The holders of Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Proportionate Voting Shares, in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by forty (40); and (ii) the Multiple Voting Shares, in an amount per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share.

The directors may declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in:

(a) (i) Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share; or

(ii) Subordinate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by forty (40); and

(b) (i) Multiple Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share divided by 3000; or

(ii) Subordinate Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share.

26.4 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Subordinate Voting Shares shall be entitled to participate *pari passu* with the holders of Proportionate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to each of: (i) the amount of such distribution per Proportionate Voting Share divided by forty (40); and (ii) the amount of such distribution per Multiple Voting Share.

26.5 Subdivision or Consolidation

The Subordinate Voting Shares shall not be consolidated or subdivided unless the Proportionate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

26.6 Conversion of the Shares Upon An Offer

In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

(a) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) the Proportionate Voting Shares; or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and

(b) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to 0.025 of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares on the basis of forty (40) Subordinate Voting Shares for one (1) Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**"). For avoidance of doubt, fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is exercised which is less than forty (40).

The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

To exercise the Subordinate Voting Share Conversion Right, a holder of Subordinate Voting Shares or his or her attorney, duly authorized in writing, shall:

(i) give written notice of exercise of the Subordinate Voting Share Conversion Right to the transfer agent for the Subordinate Voting Shares, and of the number of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised;

(ii) deliver to the transfer agent for the Subordinate Voting Shares any share certificate or certificates representing the Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised; and

(iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No certificates representing Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right will be delivered to the holders of Subordinate Voting Shares. If Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Proportionate Voting Shares, such Proportionate Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into Subordinate Voting Shares on the basis of one (1) Proportionate Voting Share for forty (40) Subordinate Voting Shares, and the Company will procure that the transfer agent for the Subordinate Voting Shares shall send to such holder a direct registration statement, certificate or certificates representing the Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deliver to the holders of such Proportionate Voting Shares the consideration paid for such Proportionate Voting Shares by such Offeror.

ARTICLE 27 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO PROPORTIONATE VOTING SHARES

27.1 Voting

The holders of Class B proportionate voting shares ("**Proportionate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 27.2 and 27.3, each Proportionate Voting Share shall entitle the holder to forty (40) votes and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by forty (40) and rounding the product down to the nearest whole number, at each such meeting.

27.2 Alteration to Rights of Proportionate Voting Shares

So long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Proportionate Voting Shares and Multiple Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Proportionate Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate special resolution, each Proportionate Voting Share and Multiple Voting Share shall entitle the holder to one (1) vote and each fraction of a Proportionate Voting Share or Multiple Voting Share will entitle the holder to the corresponding fraction of one (1) vote.

27.3 Shares Superior to Proportionate Voting Shares

(a) The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Proportionate Voting Shares without the consent of the holders of a majority of the Proportionate Voting Shares and Multiple Voting Shares expressed by separate ordinary resolution.

(b) At any meeting of holders of Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate ordinary resolution, each Proportionate Voting Share and Multiple Voting Share will entitle the holder to one (1) vote and each fraction of a Proportional Voting Share and Multiple Voting Share shall entitle the holder to the corresponding fraction of one (1) vote.

27.4 Dividends

(a) The holders of Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time. The directors may declare no dividend payable in cash or property on the Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40); and (ii) on the Multiple Voting Shares in an amount equal to the dividend declared per Proportionate Voting Share divided by forty (40).

(b) The directors may declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Proportionate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40); and (ii) Proportionate Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40).

(c) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40); and (ii) Subordinate Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Shares equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40).

(d) Holders of fractional Proportionate Voting Shares shall be entitled to receive any dividend declared on the Proportionate Voting Shares, in an amount equal to the dividend per Proportionate Voting Share multiplied by the fraction thereof held by such holder.

27.5 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Proportionate Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share multiplied by forty (40); and (ii) the amount of such distribution per Multiple Voting Share multiplied by forty (40); and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Proportionate Voting Share.

27.6 Subdivision or Consolidation

The Proportionate Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

27.7 Voluntary Conversion

Subject to the Conversion Limitation set forth in this Article 27.7, holders of Proportionate Voting Shares and Multiple Voting Shares shall have the following rights of conversion (the "**Share Conversion Right**"):

(a) **Right to Convert Proportionate Voting Shares.** Each Proportionate Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Share Conversion Right is exercised by forty (40). Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by forty (40).

(b) **Right to Convert Multiple Voting Shares.** Each Multiple Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares in respect of which the Share Conversion Right is exercised by one (1). Fractions of Multiple Voting Shares may be converted into such number of Subordinated Voting Shares as is determined by multiplying the fraction by one (1).

(c) **Conversion Limitation.** Unless already appointed, upon receipt of a Conversion Notice (as defined below), the directors (or a committee thereof) shall designate an officer of the Company who shall determine whether the Conversion Limitation set forth in this Article shall apply to the conversion referred to therein (the "**Conversion Limitation Officer**").

(d) **Foreign Private Issuer Status.** The Company shall use commercially reasonable efforts to maintain its status as a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the *Securities Exchange Act* of 1934, as amended (the "**Exchange Act**"). Accordingly, the Company shall not give effect to any voluntary conversion of Proportionate Voting Shares or Multiple Voting Shares pursuant to this Article 27.7 or otherwise, and the Share Conversion Right will not apply, to the extent that after giving effect to all permitted issuances after such conversion of Proportionate Voting Shares or Multiple Voting Shares, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (calculated on the basis that each Subordinate Voting Share, Proportionate Voting Share and Multiple Voting Share is counted once, without regard to the number of votes carried by such share) held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act ("**U.S. Residents**") would exceed forty percent (40%) (the "**40% Threshold**") of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (calculated on the same basis) issued and outstanding (the "**FPI Restriction**"). The directors may by resolution increase the 40% Threshold to a number not to exceed fifty percent (50%), and if any such resolution is adopted, all references to the 40% Threshold herein shall refer instead to the amended percentage threshold set by the directors in such resolution.

(e) **Conversion Limitation.** In order to give effect to the FPI Restriction, the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares or Multiple Voting Shares upon exercise by such holder of the Share Conversion Right will be subject to the 40% Threshold based on the number of Proportionate Voting Shares or Multiple Voting Shares held by such holder as of the date of issuance of Proportionate Voting Shares or Multiple Voting Shares to such holder, and thereafter at the end of each of the Company's subsequent fiscal quarters (each, a "**Determination Date**"), calculated as follows:

X = [A x 40% - B] x (C/D)

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding.

B = Aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents.

C = Aggregate Number of Proportionate Voting Shares and Multiple Voting Shares held by such holder.

D = Aggregate Number of All Proportionate Voting Shares and Multiple Voting Shares.

The Conversion Limitation Officer shall determine as of each Determination Date, in his or her sole discretion acting reasonably, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents, the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Proportionate Voting Shares or Multiple Voting Shares, the Company will provide each holder of Proportionate Voting Shares or Multiple Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Conversion Limitation Officer in its discretion. To the extent that issuances of Subordinate Voting Shares on exercise of the Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be pro-rated among each holder of Proportionate Voting Shares or Multiple Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of Articles 27.7(d) and e), the directors may by resolution waive the application of the Conversion Restriction to any exercise or exercises of the Share Conversion Right to which the Conversion Restriction would otherwise apply, or to future Conversion Restrictions generally, including with respect to a period of time.

(f) **Disputes**.

(i) Any holder of Proportionate Voting Shares or Multiple Voting Shares who beneficially owns more than 5% of the issued and outstanding Proportionate Voting Shares or Multiple Voting Shares may submit a written dispute as to the calculation of the 40% Threshold or the FPI Restriction by the Conversion Limitation Officer to the directors with the basis for the disputed calculations. The Company shall respond to the holder within 5 (five) business days of receipt of the notice of such dispute with a written calculation of the 40% Threshold or the FPI Restriction, as applicable. If the holder and the Company are unable to agree upon such calculation of the 40% Threshold or the FPI Restriction, as applicable, within 5 (five) business days of such response, then the Company and the holder shall, within 1 (one) business day thereafter submit the disputed calculation of the 40% Threshold or the FPI Restriction to the Company's independent auditor. The Company, at the Company's expense, shall cause the auditor to perform the calculations in dispute and notify the Company and the holder of the results no later than 5 (five) business days from the time it receives the disputed calculations. The auditor's calculations shall be final and binding on all parties, absent demonstrable error.

(ii) In the event of a dispute as to the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares or Multiple Voting Shares in connection with a voluntary conversion of Proportionate Voting Shares or Multiple Voting Shares, the Company shall issue to the holder of Proportionate Voting Shares or Multiple Voting Shares the number of Subordinate Voting Shares not in dispute, and resolve such dispute in accordance with Article 27.7(f)(i).

(g) **Mechanics of Conversion.** Before any holder of Proportionate Voting Shares or Multiple Voting Shares shall be entitled to voluntarily convert Proportionate Voting Shares or Multiple Voting Shares into Subordinate Voting Shares in accordance with Articles 27.7(a) or (b), the holder shall surrender the certificate or certificates representing the Proportionate Voting Shares or Multiple Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Proportionate Voting Shares or Multiple Voting Shares, and shall give written notice to the Company at its head office of his or her election to convert such Proportionate Voting Shares or Multiple Voting Shares and shall state therein the name or names in which the certificate or certificates representing the Subordinate Voting Shares are to be issued (a "**Conversion Notice**"). The Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate or certificates or direct registration statement representing the number of Subordinate Voting Shares to which such holder is entitled upon conversion. Such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate or certificates representing the Proportionate Voting Shares or Multiple Voting Shares to be converted is surrendered and the Conversion Notice is delivered, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Subordinate Voting Shares as of such date.

ARTICLE 28 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO MULTIPLE VOTING SHARES

28.1 Voting

The holders of Class C multiple voting shares ("**Multiple Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 28.2 and 28.3, each Multiple Voting Share shall entitle the holder to three thousand (3,000) votes and each fraction of a Multiple Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by three thousand (3,000) and rounding the product down to the nearest whole number, at each such meeting.

28.2 Alteration to Rights of Multiple Voting Shares

So long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of Multiple Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Multiple Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Multiple Voting Shares called to consider such a separate special resolution, each Multiple Voting Share shall entitle the holder to one (1) vote and each fraction of a Multiple Voting Share will entitle the holder to the corresponding fraction of one (1) vote.

28.3 Shares Superior to Multiple Voting Shares

(a) The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Multiple Voting Shares without the consent of the holders of a majority of the Multiple Voting Shares expressed by separate ordinary resolution.

(b) At any meeting of holders of Multiple Voting Shares called to consider such a separate ordinary resolution, each Multiple Voting Share will entitle the holder to one (1) vote and each fraction of a Multiple Voting Share shall entitle the holder to the corresponding fraction of one (1) vote.

28.4 Dividends

(a) The holders of Multiple Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time. The directors may declare no dividend payable in cash or property on the Multiple Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Multiple Voting Share; and (ii) on the Proportionate Voting Shares in an amount equal to the dividend declared per Multiple Voting Share multiplied by forty (40).

(b) The directors may declare a stock dividend payable in Proportionate Voting Shares on the Multiple Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Proportionate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Multiple Voting Share; and (ii) Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the amount of the dividend declared per Multiple Voting Share multiplied by forty (40).

(c) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Multiple Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Multiple Voting Share; and (ii) Subordinate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Shares equal to the amount of the dividend declared per Multiple Voting Share multiplied by forty (40).

(d) Holders of fractional Multiple Voting Shares shall be entitled to receive any dividend declared on the Multiple Voting Shares, in an amount equal to the dividend per Multiple Voting Share multiplied by the fraction thereof held by such holder.

28.5 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Multiple Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Proportionate Voting Shares, with the amount of such distribution per Multiple Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share; and (ii) the amount of such distribution per Proportionate Voting Share divided by forty (40); and each fraction of a Multiple Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Multiple Voting Share.

28.6 Subdivision or Consolidation

The Multiple Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares and the Proportionate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

28.7 Transfer of Multiple Voting Shares

No Multiple Voting Share may be sold, transferred, assigned, pledged or otherwise disposed of without the written consent of the directors, and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

28.8 Mandatory Conversion of Multiple Voting Shares

(a) **Definitions.** In this Article 28.8:

(i) "**Acreage**" means High Street Capital Partners, LLC, d/b/a Acreage Holdings;

(ii) "**Definitive Agreement**" means the business combination agreement between, *inter alia*, the Company, Acreage, Finco and Merger Sub dated September 21, 2018;

(iii) "**Finco**" means Acreage Finco B.C. Ltd., a corporation existing under the laws of the province of British Columbia;

(iv) "**Membership Interests**" means the Class B, Class C and Class C.1 Membership Units of Acreage;

(v) "**Merger Sub**" means HSCP Merger Corp., a wholly-owned subsidiary of the Company existing under the laws of the province of British Columbia; and

(vi) "**Reverse Takeover**" means the completion of the combination of the businesses of the Company, Acreage, Finco and Merger Sub pursuant to the Definitive Agreement.

(b) **Mandatory Conversion.** All issued and outstanding Multiple Voting Shares will automatically, without any action on the part of the holder, be converted into Subordinate Voting Shares on the basis of one (1) Subordinate Voting Share for one (1) Multiple Voting Share upon the earliest of the date that: (i) the aggregate number of Multiple Voting Shares held by the holder of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Multiple Voting Shares held by such holder together with its affiliates on the date of completion of the Reverse Takeover (the "**RTO Closing Date**"), (ii) the aggregate number of Membership Interests held by the holder of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Membership Interests held by such holder together with its affiliates on the RTO Closing Date, and (iii) is five (5) years following the RTO Closing Date (the "**Mandatory Conversion Record Date**"). On the Mandatory Conversion Record Date, each certificate representing Multiple Voting Shares shall thenceforth be null and void. Within twenty (20) days of the Mandatory Conversion Record Date, the Company will send, or cause its transfer agent to send, notice thereof to all former holders of Multiple Voting Shares (a "**Mandatory Conversion Notice**") specifying:

(i) the Mandatory Conversion Record Date;

(ii) the number of Subordinate Voting Shares into which the Multiple Voting Shares held by such holder have been converted; and

(iii) the address of record of such holder.

As soon as practicable after the sending of the Mandatory Conversion Notice, the Company shall issue or shall cause its transfer agent to issue to each holder of Multiple Voting Shares certificates representing the number of Subordinate Voting Shares into which the Multiple Voting Shares have been converted.

From Mandatory Conversion Record Date, the directors shall no longer be entitled to issue any further Multiple Voting Shares whatsoever.

ARTICLE 29 ADVANCE NOTICE PROVISIONS

29.1 Nomination of Directors

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election as directors may be made at any general meeting of shareholders if one of the purposes for which the general meeting was called was the election of directors:

(i) by or at the direction of the directors, including pursuant to a notice of meeting;

(ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or

(iii) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below in this Article 29.1 and on the record date for notice of such meeting, is entered in the central securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 29.1.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Company at the principal executive offices of the Company.

(c) To be timely, a Nominating Shareholder's notice to the Secretary of the Company must be given:

(i) in the case of an annual general meeting of shareholders, not less than 30 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be given not later than the close of business on the 10th day following the Notice Date;

(ii) in the case of any other general meeting of shareholders called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the general meeting of shareholders was made. In no event shall any adjournment or postponement of a general meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above;

(iii) if notice-and-access (as defined in National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described above, and the notice date in respect of the meeting is not fewer than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

(d) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:

(i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the general meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to Canadian securities legislation; and

(ii) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to Canadian securities legislation.

(e) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

(f) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 29.1; provided, however, that nothing in this Article 29.1 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this Article 29.1 and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(g) For purposes of this Article 29.1, "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com; and

(h) Notwithstanding Article 23 and any other provision of this Article 29.1, notice given to the Secretary of the Company pursuant to this Article 29.1 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(i) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 29.1.

ARTICLE 30 - FORUM SELECTION

Unless the Company consents in writing to the selection of an alternative forum, the Supreme Court of British Columbia, Canada and the Court of Appeal of British Columbia (together, "**British Columbia Courts**") shall, to the fullest extent permitted by law, be the sole and exclusive forum for:

(a) any derivative action or proceeding brought by any person on behalf of the Company;

(b) any action or proceeding asserting a claim of breach of a fiduciary duty owed to the Company by any director, officer or other employee of the Company;

(c) any action or proceeding asserting a claim arising pursuant to any provision of the Act or these Articles (as either may be amended from time to time; and

(d) Any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors, officers or any of them, but excluding claims relating to the business carried on by the Company or such affiliates.

If any action or proceeding, the subject matter of which is within the scope of the actions or proceedings referred to in Article 30(a)-(d) is commenced in a Court other than a Court located within the Province of British Columbia (a "**Foreign Action**") in the name of any shareholder or holder of other securities of the Company, such shareholder or other securityholder shall be deemed to have consented to:

(e) The personal jurisdiction of the British Columbia Courts in connection with any action or proceeding brought in the British Columbia Courts to enforce the provisions of this Article 30; and

(f) service of process in any such action or proceeding upon such shareholder or other securityholder by service upon such shareholder's counsel in the Foreign Action as agent for such shareholder or other securityholder.

SCHEDULE 4.8

APPLIED CONTRACTS

- Convertible debenture certificate #2016-D-01 issued by Applied Inventions Management Corp. to Michael Stein dated as of April 27, 2016 (the "**Convertible Debenture**").
- General security agreement between Applied Inventions Management Corp. and Michael Stein dated as of April 27, 2016.
- Option agreement between Applied Inventions Management Corp. and Barry Polisuk dated as of April 29, 2016.
- Option agreement between Applied Inventions Management Corp. and Gabriel Nachman dated as of April 29, 2016.
- Option agreement between Applied Inventions Management Corp. and Nicholas Hariton dated as of April 29, 2016.
- General security agreement between Applied Inventions Management Corp. and Michael Stein and his affiliates dated as of December 31, 2016.
- Promissory note signed in favour of Michael Stein and his affiliates by Applied Inventions Management Corp. dated as of December 31, 2016 (the "**Shareholder Loans**").
- Warrant certificate #2017-W-1 issued by Applied Inventions Management Corp. to WFE Investment Corp. dated as of May 30, 2017.
- Option agreement between Applied Inventions Management Corp. and Barry Polisuk dated as of October 27, 2017.
- Option agreement between Applied Inventions Management Corp. and Gabriel Nachman dated as October 27, 2017.
- Option agreement between Applied Inventions Management Corp. and Nicholas Hariton dated as of October 27, 2017.
- Waiver and debenture amending agreement between Applied Inventions Management Corp. and Michael Stein and dated as of May 22, 2018.
- Transfer agent agreement between TSX Trust and Applied Inventions Management Corp

SCHEDULE 4.14

APPLIED LIABILITIES

- Convertible Debenture in the principal amount of $414,642, plus applicable interest of approximately $17,276.
- Shareholder Loans in the amount of approximately $165,000.

Exhibit 99.29

CERTIFICATE

Pursuant to Section 2.20 of National Instrument 54-101

TO: Ontario Securities Commission.

RE: Annual and Special Meeting of Shareholders of Applied Inventions Management Corp. (the "**Corporation**") to be held on November 6, 2018 (the "**Meeting**")

In connection with the Meeting, the undersigned, being an officer of the Corporation, hereby certifies for and on behalf of the Corporation, and not in her personal capacity, that:

(a) the Corporation has made arrangements to have proxy-related materials for the Meeting sent in compliance with the applicable timing requirements of National Instrument 54-101 - "Communication with Beneficial Owners of Securities of a Reporting Issuer" (the "**Instrument**");

(b) the Corporation has arranged to have carried out all of the requirements of the Instrument in addition to those described in paragraph (a) above; and

(c) the Corporation is relying upon section 2.20 of the Instrument to abridge the time periods prescribed by sections 2.2(1) and 2.5(1) of the Instrument applicable to the Meeting.

DATED the 21st day of September, 2018.

APPLIED INVENTIONS MANAGEMENT CORP.

Per: *"Michael Stein"*
MICHAEL STEIN
President

12199330.1

APPLIED INVENTIONS MANAGEMENT CORP.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general and special meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of Applied Inventions Management Corp. (the "**Corporation**") will be held at the offices of Weirfoulds LLP, counsel to the Corporation, at 4100-66 Wellington Street West, PO Box 35, Toronto-Dominion Centre, Toronto, ON, M5K 1B7 at 8:00 a.m. (Toronto time) on November 6, 2018 for the following purposes:

(1) to receive and consider the audited financial statements of the Corporation for the financial years ended August 31, 2017 and August 31, 2016, together with the auditor's reports thereon;

(2) to appoint RSM Canada LLP as auditor of the Corporation, until completion of the proposed reverse take- over of the Corporation by High Street Capital Partners LLC d/b/a Acreage Holdings ("**Acreage**"), whereby the Corporation will become the indirect parent of Acreage (the "**Business Combination**") and authorize the board of directors of the Corporation (the "**Board**") to fix the auditor's remuneration;

(3) to fix the number of directors of the Corporation for the ensuing year at four (4);

(4) to elect the directors of the Corporation that will hold office until the next general meeting of the Corporation or completion of the Business Combination;

(5) to consider and, if thought advisable, pass, with or without variation, a special resolution (the "**Continuance Resolution**"), the full text of which is set forth in the accompanying management information circular of the Corporation (the "**Information Circular**"), approving: (i) the application by the Corporation to the Ontario Ministry of Government and Consumer Services for authorization for the Corporation to continue from the Province of Ontario into the Province of British Columbia (the "**Continuance**") prior to the completion of the Business Combination; and (ii) the filing with the Registrar of Companies under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") of an application for the Continuance (the "**Continuance Application**"). The Continuance Resolution, if passed, will also approve: (i) the adoption by the Corporation upon Continuance of articles under the BCBCA in the form attached hereto as Schedule "A" (the "**Articles**"); (ii) the inclusion with the Continuance Application of a notice of articles under the BCBCA reflecting the information that will apply to the Corporation upon Continuance (the "**Notice of Articles**"); and (iii) concurrently with and conditionally upon the Continuance, the amendment, by the Articles and Notice of Articles, of the Corporation's current Articles of Incorporation and bylaws under the *Business Corporations Act* (Ontario), to make all changes necessary to conform to the BCBCA, and to:

   (a) subdivide the Corporation's existing Class B multiple voting shares (the "**Class B Multiple Voting Shares**") on the basis of one and one-half (1.5) Class B Multiple Voting Shares for each Class B Multiple Voting Share issued and outstanding immediately prior thereto (the "**Subdivision**");

   (b) consolidate the Corporation's issued and outstanding Class A subordinate voting shares ("**Subordinate Voting Shares**") and Class B Multiple Voting Shares on the basis of one (1) post-consolidation Subordinate Voting Share or Class B Multiple Voting Share, as applicable, for a number of post-consolidation Subordinate Voting Shares or Class B Multiple Voting Shares, as applicable: (i) to be fixed by the Corporation's board of directors such that the aggregate number of Subordinate Voting Shares and Class B Multiple Voting Shares to be issued post-consolidation shall have an aggregate value of $1,500,000, based on the price per share of the financing to be conducted by Acreage in connection with the Business Combination; and (ii) to be no more than three hundred and fifty (350) (the "**Consolidation**");

   (c) amend the terms of the Subordinate Voting Shares such that they will have the special rights and restrictions described under the heading "Summary Share Terms" in the accompanying Information Circular (the "**New Subordinate Voting Shares**");

   (d) create a new class of shares consisting of an unlimited number of Class B proportionate voting shares ("**Proportionate Voting Shares**)" having the special rights and restrictions described under the heading "Summary Share Terms" in the accompanying Information Circular;

(e) create a new class of shares consisting of an unlimited number of Class C multiple voting shares ("**Multiple Voting Shares**") having the special rights and restrictions described under the heading "Summary Share Terms" in the accompanying Information Circular;

(f) amend the terms of the existing Class B Multiple Voting Shares resulting from the Subdivision and the Consolidation such that they will have the same special rights and restrictions as the New Subordinate Voting Shares, and be redesignated as New Subordinate Voting Shares; and

(g) delete the Corporation's Class C preference shares in their entirety;

(6) conditional on and effective upon the completion of the Business Combination, appoint MNP LLP or another auditor designated by Acreage as auditor for the Corporation and authorize the Board to fix the auditor's remuneration (the "**Auditor Resolution**");

(7) prior to the completion of the Business Combination, change the financial year end of the Corporation to December 31st (the "**Financial Year End Resolution**");

(8) immediately prior to the completion of the Business Combination, to fix the number of directors at six (6) (the "**Board Resolution**");

(9) conditional on and effective upon the completion of the Business Combination, to elect the directors of the Corporation as set out herein (the "**Director Election Resolution**");

(10) to consider and, if thought advisable, pass, with or without variation, a special resolution, the full text of which is set forth in the Information Circular, approving a change in the name of the Corporation to "Acreage Holdings, Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine to take effect upon the Continuance (the "**Name Change Resolution**");

(11) conditional on and effective upon the completion of the Business Combination, to consider and, if thought advisable, pass, with or without variation, an ordinary resolution, the full text of which is set forth in the Information Circular, approving a new long-term equity-based incentive plan (the "**Equity Incentive Plan Resolution**"); and

(12) to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters to be put before the Meeting as identified above are set forth in the Information Circular of the Corporation accompanying and forming part of this notice. Shareholders should refer to the Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

If you are a registered Shareholder of the Corporation and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to TSX Trust Company at 301- 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, by no later than 8:00 a.m. (Toronto time) on November 2, 2018, or in the case of any adjournment of the Meeting, not less than 48 hours prior to the time of such meeting.

If you are not a registered Shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

The directors of the Corporation have fixed the close of business on October 5, 2018 as the record date for the determination of the Shareholders of the Corporation entitled to receive notice of the Meeting.

DATED this 5th day of October, 2018. By Order of the Board of Directors

"Michael Stein"

Michael B. Stein
Director

Exhibit 99.31

APPLIED INVENTIONS MANAGEMENT CORP.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 6, 2018

A ND

MANAGEMENT INFORMATION CIRCULAR
DATED OCTOBER 5, 2018

APPLIED INVENTIONS MANAGEMENT CORP.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general and special meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of Applied Inventions Management Corp. (the "**Corporation**") will be held at the offices of Weirfoulds LLP, counsel to the Corporation, at 4100-66 Wellington Street West, PO Box 35, Toronto-Dominion Centre, Toronto, ON, M5K 1B7 at 8:00 a.m. (Toronto time) on November 6, 2018 for the following purposes:

(1) to receive and consider the audited financial statements of the Corporation for the financial years ended August 31, 2017 and August 31, 2016, together with the auditor's reports thereon;

(2) to appoint RSM Canada LLP as auditor of the Corporation, until completion of the proposed reverse take- over of the Corporation by High Street Capital Partners LLC d/b/a Acreage Holdings ("**Acreage**"), whereby the Corporation will become the indirect parent of Acreage (the "**Business Combination**") and authorize the board of directors of the Corporation (the "**Board**") to fix the auditor's remuneration;

(3) to fix the number of directors of the Corporation for the ensuing year at four (4);

(4) to elect the directors of the Corporation that will hold office until the next general meeting of the Corporation or completion of the Business Combination;

(5) to consider and, if thought advisable, pass, with or without variation, a special resolution (the "**Continuance Resolution**"), the full text of which is set forth in the accompanying management information circular of the Corporation (the "**Information Circular**"), approving: (i) the application by the Corporation to the Ontario Ministry of Government and Consumer Services for authorization for the Corporation to continue from the Province of Ontario into the Province of British Columbia (the "**Continuance**") prior to the completion of the Business Combination; and (ii) the filing with the Registrar of Companies under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") of an application for the Continuance (the "**Continuance Application**"). The Continuance Resolution, if passed, will also approve: (i) the adoption by the Corporation upon Continuance of articles under the BCBCA in the form attached hereto as Schedule "A" (the "**Articles**"); (ii) the inclusion with the Continuance Application of a notice of articles under the BCBCA reflecting the information that will apply to the Corporation upon Continuance (the "**Notice of Articles**"); and (iii) concurrently with and conditionally upon the Continuance, the amendment, by the Articles and Notice of Articles, of the Corporation's current Articles of Incorporation and bylaws under the *Business Corporations Act* (Ontario), to make all changes necessary to conform to the BCBCA, and to:

   (a) subdivide the Corporation's existing Class B multiple voting shares (the "**Class B Multiple Voting Shares**") on the basis of one and one-half (1.5) Class B Multiple Voting Shares for each Class B Multiple Voting Share issued and outstanding immediately prior thereto (the "**Subdivision**");

   (b) consolidate the Corporation's issued and outstanding Class A subordinate voting shares ("**Subordinate Voting Shares**") and Class B Multiple Voting Shares on the basis of one (1) post-consolidation Subordinate Voting Share or Class B Multiple Voting Share, as applicable, for a number of post-consolidation Subordinate Voting Shares or Class B Multiple Voting Shares, as applicable: (i) to be fixed by the Corporation's board of directors such that the aggregate number of Subordinate Voting Shares and Class B Multiple Voting Shares to be issued post-consolidation shall have an aggregate value of $1,500,000, based on the price per share of the financing to be conducted by Acreage in connection with the Business Combination; and (ii) to be no more than three hundred and fifty (350) (the "**Consolidation**");

   (c) amend the terms of the Subordinate Voting Shares such that they will have the special rights and restrictions described under the heading "Summary Share Terms" in the accompanying Information Circular (the "**New Subordinate Voting Shares**");

   (d) create a new class of shares consisting of an unlimited number of Class B proportionate voting shares ("**Proportionate Voting Shares**)" having the special rights and restrictions described under the heading "Summary Share Terms" in the accompanying Information Circular;

(e) create a new class of shares consisting of an unlimited number of Class C multiple voting shares ("**Multiple Voting Shares**") having the special rights and restrictions described under the heading "Summary Share Terms" in the accompanying Information Circular;

(f) amend the terms of the existing Class B Multiple Voting Shares resulting from the Subdivision and the Consolidation such that they will have the same special rights and restrictions as the New Subordinate Voting Shares, and be redesignated as New Subordinate Voting Shares; and

(g) delete the Corporation's Class C preference shares in their entirety;

(6) conditional on and effective upon the completion of the Business Combination, appoint MNP LLP or another auditor designated by Acreage as auditor for the Corporation and authorize the Board to fix the auditor's remuneration (the "**Auditor Resolution**");

(7) prior to the completion of the Business Combination, change the financial year end of the Corporation to December 31st (the "**Financial Year End Resolution**");

(8) immediately prior to the completion of the Business Combination, to fix the number of directors at six (6) (the "**Board Resolution**");

(9) conditional on and effective upon the completion of the Business Combination, to elect the directors of the Corporation as set out herein (the "**Director Election Resolution**");

(10) to consider and, if thought advisable, pass, with or without variation, a special resolution, the full text of which is set forth in the Information Circular, approving a change in the name of the Corporation to "Acreage Holdings, Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine to take effect upon the Continuance (the "**Name Change Resolution**");

(11) conditional on and effective upon the completion of the Business Combination, to consider and, if thought advisable, pass, with or without variation, an ordinary resolution, the full text of which is set forth in the Information Circular, approving a new long-term equity-based incentive plan (the "**Equity Incentive Plan Resolution**"); and

(12) to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters to be put before the Meeting as identified above are set forth in the Information Circular of the Corporation accompanying and forming part of this notice. Shareholders should refer to the Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

If you are a registered Shareholder of the Corporation and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to TSX Trust Company at 301- 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, by no later than 8:00 a.m. (Toronto time) on November 2, 2018, or in the case of any adjournment of the Meeting, not less than 48 hours prior to the time of such meeting.

If you are not a registered Shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

The directors of the Corporation have fixed the close of business on October 5, 2018 as the record date for the determination of the Shareholders of the Corporation entitled to receive notice of the Meeting.

DATED this 5th day of October, 2018.

By Order of the Board of Directors

"Michael Stein"
Michael B. Stein
Director

APPLIED INVENTIONS MANAGEMENT CORP.

MANAGEMENT INFORMATION CIRCULAR AS AT OCTOBER 5, 2018

SOLICITATION OF PROXIES

This management information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Applied Inventions Management Corp. (the "**Corporation**") for use at an annual general and special meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of the Corporation to be held on November 6, 2018, at the time and place and for the purposes set forth in an attached notice of the Meeting (the "**Notice**").

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or personal interview by regular employees of the Corporation, or by other proxy solicitation services retained by the Corporation. The costs thereof will be borne by the Corporation. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and other intermediaries to forward solicitation materials to the beneficial owners of shares of the Corporation held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

Unless otherwise specified, information contained in this Information Circular is given as of October 5, 2018 (the "**Record Date**") and, unless otherwise specified, all amounts shown represent Canadian dollars.

APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES

The persons named in the enclosed instrument of proxy are officers and directors of the Corporation who have been selected by the directors of the Corporation and have indicated their willingness to represent as proxies the Shareholders who appoint them.

A Shareholder has the right to designate or appoint a person (who need not be a Shareholder) to attend and act for him and on his behalf at the Meeting other than the persons designated in the enclosed proxy. Such right may be exercised by striking out the names of the two (2) persons designated in the proxy and by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper proxy and, in either case, delivering the completed and executed proxy to the Corporation c/o TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1, at any time prior to 8:00 a.m. (Toronto time) on November 2, 2018, or in the case of any adjournment of the Meeting, not less than 48 hours prior to the time of such Meeting.

A Shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

A Shareholder who has given a proxy may revoke it at any time insofar as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a body corporate, by a duly authorized officer, attorney or representative thereof and deposited at the registered office of the Corporation at any time prior to 8:00 a.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law. The Corporation's registered and head office is located at Suite 801, 1 Adelaide Street East, Toronto, Ontario M5C 2V9.

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders who do not hold their shares in their own name ("**Beneficial Shareholders**") are advised that only proxies from Shareholders of record can be recognized and voted upon at the Meeting.

Only proxies deposited by Shareholders who are registered Shareholders (that is, Shareholders whose names appear on the records maintained by TSX Trust Company ("**TSX Trust**"), the registrar and transfer agent for the Subordinate Voting Shares and the Class B Multiple Voting Shares (each as herein defined), as registered Shareholders) will be recognized and acted upon at the Meeting. Shares that are listed in an account statement provided to a Beneficial Shareholder by a broker, it is likely that those shares are not registered in the Shareholder's name, but rather the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers (or their agents and nominees) are prohibited from voting shares for the broker's clients. Subject to the following discussion in relation to NOBOs (as defined herein), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation. Objecting beneficial owners ("**OBOs**") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice, this Information Circular and a voting instruction form or a Proxy, as applicable (collectively, the "**Meeting Materials**"), directly to NOBOs and indirectly through intermediaries to OBOs. NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials directly to NOBOs and indirectly through intermediaries to OBOs. The Corporation will not pay the fees and expenses of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

The Corporation has used a NOBO list to send the Meeting Materials directly to NOBOs whose names appear on that list. If TSX Trust has sent these materials directly to a NOBO, such NOBO's name and address and information about its shareholdings have been obtained from the intermediary holding such shares on the NOBO's behalf in accordance with applicable securities regulatory requirements. As a result, any NOBO of the Corporation can expect to receive a voting instruction form from TSX Trust. NOBOs should complete and return the voting instruction form to the Corporation's registrar and transfer agent in the envelope provided. TSX Trust will tabulate the results of voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by such voting instruction forms.

Applicable securities regulatory policy requires intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7 - *Request for Voting Instructions Made by Intermediaries* ("**Form 54-101F7**"). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting or any adjournment(s) or postponement(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Information Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a voting instruction form in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Broadridge will then provide aggregate voting instructions to TSX Trust, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment or postponement thereof.

By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for: (i) delivering these Meeting Materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

All references to Shareholders in this Information Circular and the accompanying proxy and Notice are to Shareholders of record unless specifically stated otherwise.

MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such shares will be voted FOR each of the matters identified in the Notice and described in this Information Circular.**

The enclosed proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting. As of the date of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Class A subordinate voting shares (the "**Subordinate Voting Shares**"), Class B multiple voting shares (the "**Class B Multiple Voting Shares**") and Class C preference shares (the "**Preference Shares**") of which, as of the date of this Information Circular, an aggregate of 1,138,435 Subordinate Voting Shares, 7,839,599 Class B Multiple Voting Shares, and no Preference Shares are issued and outstanding. Each Subordinate Voting Share entitles the holder thereof to one (1) vote at all meetings of Shareholders of the Corporation and each Class B Multiple Voting Share entitles the holder thereof to twenty (20) votes at all meetings of Shareholders of the Corporation. On September 21, 2018, Michael Stein, the Chief Executive Officer and Chairman of the board of directors of the Corporation entered into a lock-up agreement (the "**Lock-Up Agreement**") with Acreage (as defined herein) pursuant to which, among other things, Mr. Stein agreed to, among other things, (i) vote his Subordinate Voting Shares and Class B Multiple Voting Shares in favour of the matters proposed, and (ii) not, directly or indirectly, take any other action of any kind which would reasonably be expected to reduce the likelihood of, or interfere with, the completion of the transactions contemplated in the definitive agreement entered into on September 21, 2018, among others, Acreage and the Corporation in respect of the Business Combination (as defined herein).

All holders of record of shares of the Corporation at the close of business on the Record Date will be entitled either to attend and vote at the Meeting in person the shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation as described above, to attend and vote thereat by proxy the shares held by them. However, if a Shareholder has transferred any shares after the Record Date and the transferee of such shares establishes ownership thereof and makes a written demand, not later than ten (10) days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting, the transferee will be entitled to vote such shares.

As of the date of this Information Circular, to the knowledge of the directors and senior officers of the Corporation, no persons or companies beneficially own, directly or indirectly, or exercise control or direction over securities of the Corporation carrying more than ten percent (10%) of the voting rights attached to any class of voting securities of the Corporation, save and except:

Name	No. of Shares Owned or Controlled	Percentage of Outstanding Shares
Michael B. Stein	20,337 Subordinate Voting Shares 7,638,038 Class B Multiple Voting Shares	1.8% 97.4%
Nicholas T. Hariton	351,250 Subordinate Voting Shares 10,000 Class B Multiple Voting Shares	30.8% 0.1%
Gabriel Nachman	200,000 Subordinate Voting Shares Nil Class B Multiple Voting Shares	17.6% -
Barry Polisuk	200,000 Subordinate Voting Shares Nil Class B Multiple Voting Shares	17.6% -

Note:

(1) The above information is based on information supplied to the Corporation by management of the Corporation and obtained through the System for Electronic Disclosure by Insiders (SEDI).

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

Except as disclosed herein, management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of the Corporation or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors.

BUSINESS COMBINATION

The Business Combination

On September 21, 2018, the Corporation, High Street Capital Partners, LLC d/b/a Acreage Holdings ("**Acreage**"), Acreage Finco B.C. Ltd. ("**Finco**"), HSCP Merger Corp. ("**Merger Sub**"), Acreage Holdings America, Inc. and Acreage Holdings WC, Inc. entered into a business combination agreement (the "**Definitive Agreement**") whereby, among other things, the Corporation, Finco and Merger Sub will combine their respective businesses (the "**Business Combination**"). Pursuant to the Definitive Agreement, the Corporation has agreed to, among other things, call the Meeting to seek approval of Shareholders of the Continuance Resolution, Auditor Resolution, Board Resolution, Director Election Resolution, Financial Year End Resolution, Consolidation Resolution, Name Change Resolution and Equity Incentive Plan Resolution (as such terms are defined herein) (collectively, the "**AIM Resolutions**"). Upon the satisfaction or waiver of the conditions to the completion of the Business Combination, including, without limitation, the completion of a name change, consolidation and reclassification of shares of the Corporation and the changes to the Corporation's capital structure, the parties will complete the Business Combination.

In connection with the completion of the Business Combination, a series of transactions will be completed resulting in a reorganization of the Corporation and Acreage as a result of which, the Corporation will become the indirect parent of Acreage. Following completion of the Business Combination, the securityholders of Acreage and Finco will hold a significant majority of the Subordinate Voting Shares, the terms of which are proposed to be amended in connection with the continuance of the Corporation into British Columbia (the "**Continuance**"). As part of the Continuance, the Corporation intends to change its name to "Acreage Holdings, Inc.", or such other name as may be determined by Acreage, subject to applicable regulatory approval.

Benefits of the Business Combination

The board of directors of the Corporation (the "**Board**") believes that the Business Combination will have the following benefits for the Shareholders:

(i) the Corporation will acquire an economic interest in the business of Acreage and the funds raised by Finco pursuant to a financing of subscription receipts to be undertaken by Finco;

(ii) Shareholders will be in a position to participate in any future value creation and growth opportunities in the business of Acreage;

(iii) collectively, the proposed management team and nominees to the Board have extensive experience in the U.S. cannabis industry and have been responsible for substantial stakeholder value creation and have demonstrated capabilities in financing, acquiring, and developing assets;

(iv) collectively, the Acreage management team and nominees to the Board have high visibility in the U.S. cannabis industry and investment community, and significant relationships with key sector investors and analysts that should help to attract strong retail and institutional support;

(v) the Corporation will initially hold, through Acreage, cannabis cultivation, production and/or retail assets in 14 U.S. states, with the prospect of expanding to other U.S. states that have legalized medical and/or recreational cannabis; and

(vi) the Corporation is expected to have increased share trading liquidity and will have a greater market capitalization that is attractive to a wider range of investors than that offered by the Corporation prior to the Business Combination.

Recommendation of the Board

SHAREHOLDERS ARE NOT REQUIRED TO APPROVE THE BUSINESS COMBINATION. Full details regarding Acreage and the Business Combination will be disclosed by the Corporation in a Form 2A Listing Statement (the "**Listing Statement**") to be prepared and filed with the Canadian Securities Exchange ("**CSE**"). The posting thereof is not expected to occur until after the date of the Meeting. Subject to receipt of all requisite approvals, including from the CSE, the Business Combination is anticipated to close in November of 2018. The Board has unanimously approved the Definitive Agreement and unanimously recommends that the Shareholders vote IN FAVOUR of the AIM Resolutions at the Meeting.

There are a number of risks associated with the Business Combination and the business of Acreage, including that the manufacture, possession, use, sale or distribution of cannabis is currently illegal under U.S. federal laws. The principal risk factors will be set out in the Listing Statement.

APPROVAL OF MATTERS

Unless otherwise noted, including, without limitation, with respect to the Continuance Resolution and the Name Change Resolution, approval of matters to be placed before the Meeting will be by "**ordinary resolution**", which is a resolution passed by a simple majority (50% plus 1) of the votes cast by Shareholders of the Corporation present at the Meeting and entitled to vote in person or by proxy.

MATTERS TO BE ACTED UPON AT THE MEETING

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice.

1. FINANCIAL STATEMENTS AND AUDITORS' REPORTS

At the Meeting, Shareholders will consider the financial statements of the Corporation for the financial years ended August 31, 2017 and August 31, 2016, and the auditor's reports thereon, but no vote by the Shareholders with respect thereto is required or proposed to be taken. The financial statements and additional information concerning the Corporation are available under the Corporation's profile at www.sedar.com.

2. APPOINTMENT OF AUDITORS

Shareholders of the Corporation will be asked at the Meeting to appoint RSM Canada LLP as the Corporation's auditors to hold office until completion of the Business Combination, and to authorize the Board to fix the auditors' remuneration.

It is the intention of the management designees, if named as proxy, to vote "FOR" the appointment of RSM Canada LLP as auditors of the Corporation until completion of the Business Combination and for the authorization of Board to fix its remuneration unless otherwise directed.

In the event that MNP LLP is appointed at the Meeting as set out below under the section entitled "*Auditor Resolution*" and the Business Combination is successfully completed, RSM Canada LLP would be replaced by MNP LLP, who would thereafter serve as the auditors of the Corporation.

3. FIXING THE NUMBER OF PRE-BUSINESS COMBINATION DIRECTORS

The Articles of Incorporation of the Corporation provide for a minimum of three (3) and a maximum of ten (10) directors. The Board presently consists of four (4) members. At the Meeting, the management of the Corporation proposes to elect four (4) directors to hold office until completion of the Business Combination. The term of office for each director shall continue to hold office until the next annual meeting of the Shareholders or until the election of a successor, unless a director resigns or a director's office becomes vacant by other cause.

Board Resolution

Shareholders will be asked to consider and, if deemed appropriate, to pass the following ordinary resolution (the "**Initial Board Resolution**"):

"BE IT RESOLVED that:

the number of directors to be elected at the Meeting to hold office for the ensuing year or otherwise as authorized by the Shareholders of the Corporation be and is hereby fixed at four (4)."

The Board recommends that shareholders vote in favour of the resolution set out above.

It is the intention of the management designees, if named as proxy, to vote "FOR" the resolution fixing the number of directors to be elected at the meeting at four (4) unless otherwise directed.

In the event that the Business Combination is completed and the shareholders approve the Initial Board Resolution set out below under the section entitled "Fixing the Number of Post-Business Combination Directors", the resolution set out above will be superseded by the Initial Board Resolution.

4. ELECTION OF PRE-BUSINESS COMBINATION DIRECTORS

Directors will be elected at the Meeting. The Corporation's Board presently consists of four (4) members. Shareholders will be asked to elect the four (4) directors nominated by management for election to the Board set out in the table below. If elected, each director will be elected to hold office effective until the earlier of: (a) the next annual general meeting of the Corporation; (b) the completion of the Business Combination; or (c) his/her successor is duly elected or appointed in accordance with the *Business Corporations Act* (Ontario) (the "**OBCA**") and the By- Laws of the Corporation, unless his/her office is vacated earlier.

It is the intention of the management designees, if named as proxy, to vote "FOR" the election of the following persons to the Board of the Corporation unless otherwise directed. Shareholders can vote for all of the proposed directors set forth herein, vote for some of them and withhold for others, or withhold for all of them. Management does not contemplate that any of the nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your shares are to be withheld from voting on the election of that particular director.

The following is a brief description of the proposed nominees, including their principal occupation for the past five (5) years, all positions and offices with the Corporation held by them and the number of shares that they have advised are beneficially owned, directly or indirectly, by them or over which control or direction is exercised by them, as of the date hereof.

Name and Municipality of Residence	Director of the Corporation Since	Principal Occupation over Last Five (5) Years	Voting Securities of the Corporation Beneficially Owned Directly or Indirectly(1)
Michael B. Stein Thornhill, Ontario President, Chief Executive Officer, Secretary & Director	July 12, 1989	Businessperson	20,337 Subordinate Voting Shares 7,638,038 Class B Multiple Voting Shares
Nicholas T. Hariton (2) Sherman Oaks, California Director	July 8, 1992	Managing Director and General Counsel of IPP Trial Consulting, LLC	351,250 Subordinate Voting Shares 10,000 Class B Multiple Voting Shares
Gabriel Nachman (2) Toronto, Ontario Chief Financial Officer and a Director	September 15, 2010	Retired Chartered Accountant	200,000 Subordinate Voting Shares Nil Class B Multiple Voting Shares
Barry Polisuk (2) Thornhill, Ontario Director	September 15, 2010	Partner at Garfinkle Biderman LLP	200,000 Subordinate Voting Shares Nil Class B Multiple Voting Shares

Notes:

(1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors and executive officers individually.
(2) Member of the Audit Committee.

Description of Each Director's Activities

Michael B. Stein: Michael Stein currently acts as a financial consultant and advises clients on various matters, including acquisitions, divestitures, corporate financings, re-organizations and restructurings. Mr. Stein was past President and director of Danbel Ventures Inc. ("**Danbel**") and was a former director and V.P. Corporate Affairs of Danbel; Director, U.S. Money Markets for a federally chartered Canadian Trust Corporation and prior thereto a Senior Institutional Money Banker for a Savings & Loan Association in Long Beach, California. Mr. Stein majored in economics and graduated with a Bachelor of Arts from York University. He is President & director of WFE Investments Corp. ("**WFE**") a secured shareholder of the Corporation. Michael is also a director of Maricann Group Inc. and Chief Executive Officer and a director of Majesta Minerals Inc.

Gabriel Nachman: Gabriel (Gabe) Nachman FCPA, FCA, ICD.D is a Fellow of the Institute of Chartered Accountants of Ontario and was awarded the ICD.D designation by the Institute of Corporate Directors in 2008. He practiced as a Chartered Accountant (CA) with PricewaterhouseCoopers and its legacy firm, Coopers & Lybrand as a partner for 29 years until his retirement in 2008. His area of practice was in the audit assurance and consulting fields, dealing with private and publicly traded companies primarily in the retail, franchise, wholesale distribution, real estate and entertainment and media industries. Gabe had partner responsibility for large publicly traded investment holding companies listed on Canadian and US stock exchanges. He acted for his clients on numerous public debt and equity offerings in Canada and the United States.

Barry Polisuk: Mr. Polisuk is a graduate of McGill University and University of Ottawa Law Schools, having obtained an LL.B. cum laude and a Quebec Civil Law Degree. Mr. Polisuk was called to the bar in 1988. He has been with Garfinkle, Biderman LLP since 1995 and became a partner in 1997. Mr. Polisuk is a corporate and commercial lawyer, focused on financings, corporate and commercial work, including securities. He has served on the boards of several publicly traded companies including, Richards Oil & Gas Limited, Arehada Mining Limited (formerly Dragon Capital Corporation) and iSign Media Solutions Inc. (formerly Corbal Capital Corp.). He has served as the Corporate Secretary of Mooncor Oil & Gas Corp. and of Solid Gold Resources Corp. and President of Danbel. Mr. Polisuk is currently a director and Corporate Secretary of Nurcapital Corporation Ltd. and a director and Chairman of Canntab Therapeutics Ltd.

Nicholas Hariton*:* Since graduating from the University of Southern California, Gould School of Law, Nicholas Hariton has held positions as a director at a private London based finance company, attorney at O'Melveny & Myers LLP, and Managing Director and General Counsel of IPP Trial Consulting, LLC ("**IPP**"). Mr. Hariton served as the U.S. attorney for the Corporation early in the Corporation's history. Currently, Mr. Hariton, in addition to his role at IPP, is a founding member of LH Technology Acquisitions, and personally holds three United States Patents, with two additional allowed patent applications.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

With the exception of the cease trade orders described below, no director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, while such person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

On February 20, 2001, the Corporation received a cease trade order ("**CTO**") from the Ontario Securities Commission (the "**OSC**") for failure to file financial statements within the prescribed time period. None of the proposed directors was a director or officer of the Corporation when the cease trade order was issued, other than Michael B. Stein and Nicholas Hariton.

In June 2011, the Corporation filed its annual audited financial statements and management discussion and analysis for the years ended 2008, 2009, 2010, and interim financial statements and management discussion and analysis for the periods ended November 30, 2010, February 28, 2011 and May 31, 2011. As a result of these filings, the OSC issued an order revoking the CTO on August 26, 2011.

Michael B. Stein was a director of Danbel from 1997 to 2006 and became President and a director of Danbel in 2014 until April 2017. Gabriel Nachman and Barry Polisuk became directors of Danbel on September 15, 2010 until April 2017. Danbel was subject to a cease trade order from the OSC on May 23, 2002 for failure to file financial statements within the prescribed time period. On May 24, 2002, Danbel also received a CTO from the Alberta Securities Commission and on June 2, 2006 from the British Columbia Securities Commission for failure to file financial statements within the prescribed time period. The CTOs were revoked by all securities commissions in early 2011 upon Danbel filing its outstanding financial statements.

No director or proposed director of the Corporation is, or has been within the ten years prior to the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while such person was acting in that capacity or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No director or proposed director of the Corporation is or has, within the ten years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties

No director or proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

In the event that the directors listed below under the section entitled "*Election of Post-Business Combination Directors*" are elected at the Meeting in accordance with the Director Election Resolution and the Business Combination is successfully completed, the proposed director nominees set out above would cease to be directors of the Corporation and the new directors will serve as directors of the Corporation in their place.

5. CONTINUANCE, SUBDIVISION AND CONSOLIDATION Continuance

Shareholders of the Corporation will be asked at the Meeting to consider and, if thought advisable, pass, with or without variation, a special resolution (the "**Continuance Resolution**") authorizing the Board, in its sole discretion, to apply for the discontinuance of the Corporation from the Province of Ontario and to continue the Corporation into the Province of British Columbia.

The Continuance, if approved, will change the legal domicile of the Corporation and will affect certain of the rights of Shareholders as they currently exist under the OBCA. This summary is not intended to be exhaustive. Accordingly, Shareholders should consult their legal advisors regarding implications of the Continuance which may be of particular importance to them.

Constating Documents

A British Columbia company's charter documents consist of its Notice of Articles and Articles and any amendments thereto. Upon the completion of the Continuance, the Corporation will cease to be governed by the OBCA and thereafter, the *Business Corporations Act* (British Columbia) (the "**BCBCA**") will apply to the Corporation to the same extent as if it had been incorporated under the BCBCA. As part of the Continuance, shareholders of the Corporation will be asked to approve the adoption of articles (the "**BC Articles**") which comply with the requirements of the BCBCA, a copy of which is attached hereto as Schedule "A".

Prerequisites for Continuance

Under the OBCA, the Corporation may not apply to become a company under the laws of the Province of British Columbia unless those laws provide in effect that:

(i) the property of the Corporation continues to be the property of the Corporation after the Continuance;

(ii) the Corporation after the Continuance continues to be liable for the obligations of the Corporation before the Continuance;

(iii) an existing cause of action, claim or liability to prosecution is unaffected;

(iv) a civil, criminal or administrative act or proceeding pending by or against the Corporation may be continued to be prosecuted by or against the Corporation after the Continuance; and

(v) a conviction against, or a ruling, order or judgment in favour of or against the Corporation may be enforced by or against the Corporation after the Continuance.

The laws of the Province of British Columbia include such provisions.

Procedure in British Columbia for the Continuance

In order for the Continuance to become effective:

(i) the Shareholders of the Corporation must authorize by special resolution: (i) the application by the Corporation (the "**Continuance Application**") to the Registrar of Companies for the Province of British Columbia (the "**BC Registrar**"), requesting that the Corporation be continued into British Columbia as a British Columbia company (the "**Continuance**"); and (ii) the application by the Corporation to the Ministry of Government and Consumer Services ("**Ministry**") for the Province of Ontario for authorization of the Continuance;

(ii) the Corporation must apply to the Ministry for authorization of the proposed Continuance, including filing an Application for Authorization to continue in another Jurisdiction (Form 7) (the "**Application for Authorization**");

(iii) the Corporation must obtain consent letters to apply to continue outside Ontario from each of the Minister of Finance and the OSC;

(iv) the Corporation must apply to the BC Registrar to reserve the name proposed to be used after the Continuance;

(v) the Corporation must file a Continuation Application (including a Notice of Articles reflecting the information that will apply to the Corporation upon Continuance) and all such other records and information as the BC Registrar may require;

(vi) the BC Registrar, if the Continuation Application is satisfactory, will issue a Certificate of Continuation.

(vii) the Corporation must file the Certificate of Continuation (once issued by the BC Registrar) with the Ministry, which will publish a notice that the Corporation has been continued into another jurisdiction; and

(viii) the Corporation will cease to be a corporation within the meaning of the OBCA when the Corporation is continued into the Province of British Columbia.

Effect of Continuance

Assuming that the Continuance Resolution is approved by the Shareholders at the Meeting, it is expected that the Application for Authorization will be filed with the Ministry and the procedures outlined above will begin as soon as practicable thereafter, as determined by the Board in its sole discretion, in order to give effect to the Continuance.

Concurrent with the Continuance, all existing Class B Multiple Voting Shares will be subdivided on the basis that each one (1) Class B Multiple Voting Share is subdivided into one-half (1.5) Class B Multiple Voting Shares, and the terms of the Class B Multiple Voting Shares will be amended such that they will be redesignated as Subordinate Voting Shares of the Corporation upon Continuance. The existing certificates representing Class B Multiple Voting Shares will not be cancelled. Holders of securities of the Corporation convertible into Class B Multiple Voting Shares on the effective date of the Continuance will continue to hold securities convertible into Subordinate Voting Shares pursuant to the Definitive Agreement, on substantially the same terms and reflecting the foregoing subdivision.

On the effective date of the Continuance, the principal attributes of the classes of shares of the Corporation will be as set out in "Amendments to the Articles of Incorporation". Shareholders' rights under the OBCA and the BCBCA are not identical. See "*Certain Corporate Differences Between the OBCA and the BCBCA"* below.

The Continuance, if approved, will effect a change in the legal domicile of the Corporation on the effective date thereof to the Province of British Columbia. Upon issue of a Certificate of Continuation for the Corporation under the BCBCA, the Corporation will cease to be a corporation governed by the OBCA and will become a company governed by the BCBCA. The Continuance will not create a new legal entity and will not prejudice or affect the continuity of the Corporation. The Continuance will not result in any change in the business of the Corporation.

Subject to obtaining the requisite approval of Shareholders at the Meeting, the directors and officers of the Corporation immediately following the Continuance will be identical to the current directors and officers of the Corporation. As of the effective date of the Continuance, the election, duties, resignations and removal of the Corporation's directors and officers shall be governed by the BCBCA and the Corporation will no longer be subject to the corporate governance provisions of the OBCA.

By operation of law applicable under the laws of the Province of British Columbia, as of the effective date of the Continuance, all of the of the property, rights, interests and obligations of the Corporation immediately prior to the Continuance will continue to be the property, rights, interests and obligations of the Corporation after the Continuance. An existing cause of action, claim or liability to prosecution of the Corporation will be unaffected; a legal proceeding being prosecuted or pending by or against the Corporation may be prosecuted or continued to be prosecuted by or against the Corporation; and a conviction against, or a ruling, order or judgment in favour of or against the Corporation may be enforced by or against the continued Corporation.

Reason for Continuance

The Board believes it is desirable for the Corporation to continue its corporate existence under the laws of the Province of British Columbia for several reasons, among which is the fact that the BCBCA has no requirement that directors of a British Columbia company be residents of Canada, as does the OBCA. Each of the directors of the Corporation proposed to be elected upon the Business Combination becoming effective is a resident of the United States. See "Election of Post-Business Combination Directors".. The Corporation intends to complete the Continuance in connection with the proposed Business Combination. Management has therefore determined that it is appropriate to place before the Meeting a special resolution to approve the discontinuance of the Corporation from the Province of Ontario and to continue the Corporation into the Province of British Columbia pursuant to the BCBCA.

Certain Corporate Differences Between the OBCA and the BCBCA

The following is a summary only of certain differences between the BCBCA, the statute that will govern the corporate affairs of the Corporation upon the Continuance, and the OBCA, the statute which currently governs the corporate affairs of the Corporation. This summary is not exhaustive and shareholders are advised to review the full text of the BCBCA and consult their legal advisors regarding the implications of the Continuance.

If the Continuance is approved, Shareholders will hold securities in a company governed by the BCBCA. This Information Circular summarizes some of the differences that could materially affect the rights and obligations of Shareholders after giving effect to the Continuance. In exercising their vote, Shareholders should consider the distinctions between the BCBCA and the OBCA, only some of which are outlined below.

As the Corporation is a reporting issuer in Ontario, the Corporation will continue to be bound by the rules and policies of the OSC, and upon completion of the Business Combination, the CSE as well as any other applicable securities legislation.

Nothing that follows should be construed as legal advice to any particular Shareholder, all of whom are advised to consult their own legal advisors respecting all of the implications of the Continuance.

Sale of the Corporation's Undertaking

The OBCA requires approval of the holders of two-thirds of the shares of a corporation represented at a duly called meeting to approve a sale, lease or exchange of all or substantially all of the property of a corporation, other than in the ordinary course of business. If a sale, lease or exchange of all or substantially all of the property of a corporation would affect a particular class or series of shares in a manner that is different than the shares of another class or series entitled to vote, then such class or series of shares are entitled to a separate class or series vote, regardless of whether or not such shares otherwise carry the right to vote.

Under the BCBCA, the directors of a company may sell, lease or otherwise dispose of all or substantially all of the undertaking of the company only if: (i) if it does so in the ordinary course of the company's business; or (ii) it has been authorized to do so by special resolution. Under the BCBCA a special resolution requires the approval of a "special majority", which means the majority specified in a company's Articles, which must be at least two-thirds and not more than three-quarters of the votes cast on the resolution.

Amendments to the Articles of a Corporation

Under the OBCA, amendments to the articles of a corporation require a resolution passed by not less than two thirds of the votes cast by the shareholders voting on the resolution authorizing the amendments and, where certain specified rights of the holders of a class or series of shares are affected differently by the amendments than the rights of the holders of other classes or series of shares, such holders are entitled to vote separately as a class or series, whether or not such class or series of shares otherwise carry the right to vote. A resolution to amalgamate an OBCA corporation requires a special resolution passed by the holders of each class or series of shares, whether or not such shares otherwise carry the right to vote, if such class or series of shares are affected differently.

The requirements for alterations to the Articles of a company under the BCBCA depend upon the type of resolution specified as necessary in the company's Articles, which, for many alterations, including a change of name, can be by a resolution of the directors. In the absence of a lesser requirement in the Articles, most corporate alterations will require a special resolution, which is a resolution passed by a majority of at least 2/3 and not more than 3/4 of the votes cast, depending on the majority specified in the Articles. Alteration of the special rights and restrictions attached to issued shares requires, subject to the type of resolution specified in the company's Articles, consent by a special resolution of the holders of the class or series of shares affected. A proposed amalgamation or continuation of a company out of British Columbia requires a special resolution.

Rights of Dissent and Appraisal

The OBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholders at the fair value of such shares. This dissent right is available when a corporation proposes to: (a) amend its articles to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class; (b) amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on; (c) amend its articles to add or remove an express statement establishing the unlimited liability of shareholders; (d) amalgamate with another corporation pursuant to certain statutory provisions; (e) be continued under the laws of another jurisdiction; or (f) sell, lease or exchange all or substantially all its property. **The BCBCA contains a similar dissent remedy, although the procedure for exercising this remedy is different from that contained in the OBCA.**

Similarly, the BCBCA provides shareholders of a BC company with a dissent remedy, regardless of whether the shareholders' shares carry the right to vote, where a company proposes to: (a) alter its articles to alter restrictions on the powers of the company or on the business it is permitted to carry on; (b) adopt an amalgamation agreement; (c) approve an amalgamation with a foreign corporation; (d) approve an arrangement, the terms of which arrangement permit dissent; (e) authorize or ratify the sale, lease or other disposition of all or substantially all of the company's' undertaking; and (f) authorize the continuation of the company into a jurisdiction other than British Columbia. Under the BCBCA, the dissent right is also applicable to any other resolution, if dissent is authorized by the resolution, or under any court order that permits dissent

Shareholder Derivative Actions

Under the BCBCA, a shareholder, defined as including a beneficial shareholder and any other person whom the court considers to be an appropriate person to make an application under the BCBCA, or a director of a company, may, with leave of the court, prosecute a civil, criminal, quasi-criminal, administrative or regulatory action or proceeding in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself, or to obtain damages for any breach of such a right, duty or obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against a company, in the name of and on behalf of the company.

The OBCA contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group. In addition to shareholders and directors, the right under the OBCA is available to former shareholders, former directors, officers, former officers, any affiliate of the foregoing, and any person who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action.

Oppression Remedies

Under the OBCA a registered shareholder, beneficial shareholder, former registered shareholder or beneficial shareholder, director, former director, officer, former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, and in the case of an offering corporation, the Ontario Securities Commission, may apply to a court for an order to rectify the matters complained of where in respect of a corporation or any of its affiliates: (a) any act or omission of a corporation or its affiliates effects or threatens to effect a result; (b) the business or affairs of a corporation or its affiliates are or have been or are threatened to be carried on or conducted in a manner; or (c) the powers of the directors of the corporation or any of its affiliates are, have been or are threatened to be exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer. **The OBCA contains rights that are substantially broader than the BCBCA in that they are available to a larger class of complainants.**

The oppression remedy under the BCBCA is similar to the remedy found in the OBCA, with a few differences. Under the OBCA, the applicant can complain not only about acts of the corporation and its directors but also acts of an affiliate of the corporation and the affiliate's directors, whereas under the BCBCA, registered and beneficial shareholders, and any other person whom the court considers appropriate, can only complain that the affairs of the company are or have been conducted, or that the powers of the directors are being or have been exercised, in a manner that is oppressive to one or more of the shareholders. In addition, under the BCBCA the applicant must bring the application in a timely manner, which is not required under the OBCA.

Requisition of Meetings

The OBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors to call and hold a meeting of the shareholders of the corporation for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

The BCBCA provides that one or more shareholders of a company holding not less than 5% of the issued shares of the company that carry the right to vote at a general meeting may give notice to the directors requiring them to call and hold a general meeting of shareholders to transact the business stated in the notice within 4 months of the date of receipt of the notice.

Place of Meetings

The OBCA provides that, subject to the articles and any unanimous shareholder agreement, meetings of shareholders may be held either inside or outside Ontario as the directors may determine.

The BCBCA requires all meetings of shareholders to be held in British Columbia unless a location outside the Province is provided for in the Articles, approved by the type of resolution specified in the Articles before the meeting, or approved in writing by the Registrar.

Directors

The OBCA requires that at least 25% of directors of a corporation be resident Canadians and requires that for offering corporations not fewer than three individuals be elected and at least one-third of the directors not be officers or employees of the corporation or its affiliates.

The BCBCA provides that a public company must have at least three directors but does not have any residency requirements for directors.

Requisite Approvals

Under the BCBCA, a company can establish in its Articles the levels for various shareholder approvals, other than those levels that are prescribed by the BCBCA. The majority of votes required for a special resolution can be specified in the Articles of a company, and may be no less than two-thirds and no more than three-quarters of the votes cast.

The OBCA does not provide flexibility with respect to the level of shareholder approval required for ordinary resolutions and special resolutions. Under the OBCA, an ordinary resolution must be passed by no less than a majority of the votes cast by shareholders entitled to vote with respect to the resolution and a special resolution must be passed by not less than two-thirds of the votes cast by the shareholders entitled to vote with respect to the resolution.

Subdivision

It is a condition of the proposed Business Combination that the Corporation subdivide its existing Class B multiple voting shares. Therefore the Continuance Resolution, if passed, will approve the subdivision of the existing Class B Multiple Voting Shares of the Corporation on the basis of one and one-half (1.5) Class B Multiple Voting Shares for each Class B Multiple Voting Share issued and outstanding immediately prior thereto (the "**Subdivision**"). No fractional Class B Multiple Voting Shares shall be issued in connection with the Subdivision and, in the event that a shareholder would otherwise be entitled to receive a fractional share upon such Subdivision, the number of Class B Multiple Voting Shares of the Corporation to be received by such shareholder shall be rounded up to the nearest whole number of Subordinate Voting Shares.

The Subdivision will be effective concurrent with the Continuance, be subject to the Consolidation, and prior to the closing of the Business Combination.

Consolidation

It is a condition of the proposed Business Combination that the Corporation consolidate its existing Subordinate Voting Shares and Class B Multiple Voting Shares. Therefore, the Continuance Resolution, if passed, will consolidate the Corporation's Subordinate Voting Shares and Class B Multiple Voting Shares on the basis of one (1) post-consolidation Subordinate Voting Share or Class B Multiple Voting Share, as applicable, for a number of post-consolidation Subordinate Voting Shares or Class B Multiple Voting Shares, as applicable: (i) to be fixed by the Corporation's board of directors such that the aggregate number of Subordinate Voting Shares and Class B Multiple Voting Shares to be issued post-consolidation shall have an aggregate value of $1,500,000, based on the price per share of the financing to be conducted by Acreage in connection with the Business Combination; and (ii) to be no more than three hundred and fifty (350) (previously defined as the "Consolidation"). All outstanding options and any other securities granting rights to acquire Subordinate Voting Shares and Class B Multiple Voting Shares of the Corporation will be affected by the Consolidation in accordance with the adjustment provisions contained in the instruments giving rise to the issuance of such securities; provided, however, that the Corporation has agreed to terminate, for no consideration, any such options or other securities to the extent not converted or exercised prior to the consummation of the Business Combination.

The consolidation of the Corporation's existing Subordinate Voting Shares and Class B Multiple Voting Shares will be effective concurrent with the Continuance. If the Continuance Resolution does not receive the requisite approval, the Business Combination will not proceed, unless such condition precedent is waived by Acreage. The Corporation has agreed to cause all outstanding convertible securities to be exchanged, exercised or cancelled prior to the consummation of the Business Combination.

Amendments to Articles of Incorporation

The Continuance Resolution, if approved, will adopt a Notice of Articles and Articles for the Corporation which will effect the amendment of the Corporation's present Articles of Incorporation to:

(a) create a new class of shares designated as Class B proportionate voting shares (the "**Proportionate Voting Shares**");

(b) create a new class of shares designated as Class C multiple voting shares (the "**New Multiple Voting Shares**");

(c) amend the rights and restrictions of the existing class of Subordinate Voting Shares, which will be re-designated as Class A subordinate voting shares ("**New Subordinate Voting Shares**");

(d) amend the rights and restrictions of the existing class of Class B Multiple Voting Shares to be identical to the newly adopted rights and restrictions of the New Subordinate Voting Shares, and the Class B Multiple Voting Shares will be redesignated as New Subordinate Voting Shares;

(e) delete the Corporation's Class C preference shares in their entirety; and

(f) change in the name of the Corporation to "Acreage Holdings, Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine.

The Articles proposed to be adopted by the Corporation upon continuance are set out in Schedule "A" to this Information Circular.

The Proportionate Voting Shares are being proposed in order to minimize the proportion of the outstanding voting securities of the Corporation that are held by "U.S. persons" for purposes of determining whether the Corporation is a "foreign private issuer" for purposes of United States securities laws.

The Multiple Voting Shares are being issued in order to ensure that effective control of the Corporation will, subject to the principals selling a majority of their holding, be given to Kevin P. Murphy (the "**Principal**"), being the key person responsible for the success of Acreage, for a sufficient period of time so as to not provide disincentives to capital raising by the Corporation. In addition, the Principal would not have considered a "going-public" transaction without the control safeguards provided by the Multiple Voting Shares.

Summary Share Terms

Subordinate Voting Shares

Holders of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

As long as any Subordinate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Corporation, dividends in cash or property of the Corporation. No dividend will be declared or paid on the Subordinate Voting Shares unless the Corporation simultaneously declares or pays: (i) a dividend on the Proportionate Voting Shares in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by forty (40); and (ii) a dividend on the Multiple Voting Shares, in an amount per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with the holders of Proportionate Voting Shares and Multiple Voting Shares , with the amount of such distribution per Subordinate Voting Share equal to each of: (i) the amount of such distribution per Proportionate Voting Share divided by forty (40); and (ii) the amount of such distribution per Multiple Voting Share.

Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares the Proportionate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

Proportionate Voting Shares

Holders of Proportionate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting holders of Proportionate Voting Shares will be entitled to forty (40) votes per Proportionate Voting Share held.

As long as any Proportionate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Proportionate Voting Shares and Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Proportionate Voting Shares. Consent of the holders of a majority of the outstanding Proportionate Voting Shares and Multiple Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Proportionate Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Proportionate Voting Shares will have one vote in respect of each Proportionate Voting Share held.

Holders of Proportionate Voting Shares will be entitled to receive as and when declared by the directors of the Corporation, dividends, out of any cash or property, *pari passu* with the holders of Subordinate Voting Shares and Multiple Voting Shares. The directors may declare no dividend payable in cash or property on the Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40); and (ii) on the Multiple Voting Shares in an amount equal to the dividend declared per Proportionate Voting Share divided by forty (40).

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Proportionate Voting Shares, be entitled to participate rateably along with all other holders of Proportionate Voting Shares, Subordinate Voting Shares and Multiple Voting Shares (on an as- converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio).

Holders of Proportionate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Each Proportionate Voting Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such shares, into forty (40) Subordinate Voting Shares. The ability to convert the Proportionate Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the *Securities Exchange Act of 1934*, as amended (the "**U.S. Exchange Act**"), may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions.

Multiple Voting Shares

Holders of Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation will have the right to vote. At each such meeting holders of Multiple Voting Shares will be entitled to three thousand (3,000) votes in respect of each Multiple Voting Share held.

Multiple Voting Shares are intended to provide voting control to Mr. Murphy. As long as any Multiple Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. Additionally, consent of the holders of a majority of the outstanding Multiple Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Multiple Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

Holders of Multiple Voting Shares will be entitled to such dividends payable in cash or property of the Corporation as may be declared by the directors from time to time. The directors may declare no dividend payable in cash or property on the Multiple Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Multiple Voting Share; and (ii) on the Proportionate Voting Shares in an amount equal to the dividend declared per Multiple Voting Share multiplied by forty (40).

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Multiple Voting Shares, be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Proportionate Voting Shares, with the amount of such distribution per Multiple Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share; and (ii) the amount of such distribution per Proportionate Voting Share divided by forty (40) .

Holders of Multiple Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

No Multiple Voting Share will be permitted to be transferred by the holder thereof without the prior written consent of the Corporation's Board.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares the Proportionate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

Each Multiple Voting Share shall automatically convert, without any action on the part of the holder thereof, into Subordinate Voting Shares on the basis of one Subordinate Voting Share for one Multiple Voting Share upon the earliest of the date that (i) the aggregate number of Multiple Voting Shares held by the holder of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Multiple Voting Shares held by such holder together with its affiliates on the date of completion of the Business Combination, (ii) the aggregate number of membership interests of Acreage held by the holder of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of membership interests of Acreage held by such holder together with its affiliates on the date of completion of the Business Combination, and (iii) is five (5) years following completion of the Business Combination.

Coattail Provisions

In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

(a) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) the Proportionate Voting Shares; or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and

(b) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to 0.025 of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares on the basis of 40 Subordinate Voting Shares for one Proportionate Voting Share; at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**"). Fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the conversion right is exercised which is less than 40.

The conversion right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the conversion right is exercised, the Corporation will procure that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

Coattail Agreement

In connection with the Business Combination, the holder of Multiple Voting Shares will enter into a coattail agreement (the "**Coattail Agreement**") with Acreage and the transfer agent for the Subordinate Voting Shares pursuant to which the holders of Subordinate Voting Shares will be granted rights similar those to be granted to them in connection with the Proportionate Voting Shares as described above under "*Coattail Provisions*" above.

Shareholders' Right to Dissent with Respect to the Continuance Resolution

Under section 185 of the OBCA, a registered Shareholder may dissent with respect to the Continuance Resolution. If the Continuance Resolution is adopted and the Continuance, the Subdivision, the Consolidation and the Share Structure Amendment are completed, a dissenting Shareholder who strictly complies with the procedures set out in the OBCA will be entitled to be paid the fair value of his or her Subordinate Voting Shares and Class B Multiple Voting Shares, as applicable, in connection with which his or her right to dissent was exercised. Registered Shareholders who wish to exercise dissent rights should seek legal advice, as failure to adhere strictly to the requirements set out in the OBCA may result in the loss or unavailability of any right to dissent. A summary of the dissent rights available to Shareholders are set out in Schedule "B" to this Information Circular.

Shareholders who intend to exercise Dissent Rights should carefully consider and comply with the provisions of section 185 of the OBCA, which are set out in Schedule "B" to this Information Circular. Failure to comply with the provisions of that section and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Continuance Resolution

To be effective, the Continuance Resolution requires the affirmative vote of not less than two-thirds of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting. In addition, the Continuance Resolution will be used to approve a "restricted security reorganization" pursuant to National Instrument 41-101 - *General Prospectus Requirements* and OSC Rule 56-501 - *Restricted Shares* (the "**Restricted Share Rules**"). The Restricted Share Rules require that a restricted security reorganization receive prior majority approval of the securityholders of the Corporation in accordance with applicable law, excluding any votes attaching to securities held, directly or indirectly, by affiliates of the Corporation or control persons of the Corporation.

For the purposes of the Restricted Share Rules, as Michael Stein owns more than 20% of the Class B Multiple Voting Shares, Mr. Stein is a control person of the Corporation. Accordingly, the 20,337 Subordinate Voting Shares and 7,638,038 Class B Multiple Voting Shares owned by Mr. Stein will be excluded from voting on the Continuance Resolution under the Restricted Share Rules. To the knowledge of management of the Corporation, no other Shareholder is an affiliate or control person of the Corporation, and therefore no other shares will be excluded from voting on the Continuance Resolution under the Restricted Share Rules.

It is a condition precedent to the completion of the Business Combination that the Shareholders approve the Continuance Resolution. If the Continuance Resolution does not receive the requisite approval, the Business Combination will not proceed, unless such condition precedent is waived by Acreage.

Separate Class Voting

Generally, registered Shareholders have the right to vote separately as a class. However, pursuant to the Corporation's Articles and in accordance with the provisions of OBCA, the Shareholders of the Corporation are not entitled to vote separately as a class.

The text of the Continuance Resolution to be voted on at the Meeting by the shareholders is set forth below:

"BE IT RESOLVED as a special resolution that:

Continuance

1. the board of directors of the Corporation be and is hereby authorized to:

    (a) make application to the Ministry of Government and Consumer Services for the Province of Ontario under Section 181 of the Business *Corporations Act* (Ontario) (the "**OBCA**") for authorization for the Corporation to apply to the Registrar of Companies under the *Business Corporations Act* (British Columbia) ("**BCBCA**") (the "**BC Registrar**") for continuance (the "**Continuance**") of the Corporation into the Province of British Columbia (the "**Continuance Application**") and to obtain such other consents as may be required in connection therewith, including, without limitation, from the Ministry of Finance and the Ontario Securities Commission;

    (b) prepare and include with the Continuation Application a Notice of Articles under the BCBCA which will reflect the information which will apply to the Corporation upon Continuance; and

    (c) subject to receipt of consent letters to apply to continue outside of Ontario from each of the Minister of Finance of Ontario and the Ontario Securities Commission, to file the Continuance Application with the BC Registrar, and provide all such other records and information to the BC Registrar in connection with the Continuance as the BC Registrar may require.

2. Concurrently with, and subject to the completion of, the Continuance:

    (a) the Articles ("**Articles**") in the form attached hereto as Schedule "A" are adopted as the Articles of the Corporation;

    (b) any one director of the Corporation be and he is authorized and directed to sign the Articles; and

    (c) by the Notice of Articles and the Articles, the Corporation's current Articles of Incorporation and bylaws are amended: (i) to make all changes necessary to conform to the BCBCA; and (ii) to:

        i. subdivide the issued and outstanding Class B multiple voting shares of the Corporation (the "**Class B Multiple Voting Shares**") on the basis that each one (1) Class B Multiple Voting Shares is subdivided into one and one-half (1.5) Class B Multiple Voting Shares (the **"Subdivision"**). No fractional Class B Multiple Voting Shares shall be issued in connection with the Subdivision and if a shareholder would otherwise be entitled to receive a fractional share upon the Subdivision, the number of Class B Multiple Voting Shares to be received by such shareholder shall be rounded up to the nearest whole number of New Subordinate Voting Shares;

ii. consolidate the issued and outstanding Class A subordinate voting shares of the Corporation (the "**Subordinate Voting Shares**") and Class B Multiple Voting Shares on the basis of one (1) pre-consolidation Subordinate Voting Share or Class B Multiple Voting Share, as applicable, for a number of post- consolidation Subordinate Voting Shares or Class B Multiple Voting Shares, as applicable: (i) to be fixed by the Corporation's board of directors such that the aggregate number of Subordinate Voting Shares and Class B Multiple Voting Shares to be issued post-consolidation shall have an aggregate value of $1,500,000, based on the price per share of the financing to be conducted by Acreage in connection with the Business Combination; and (ii) to be no more than three hundred and fifty (350) (the "**Consolidation**"). No fractional Subordinate Voting Shares or Class B Multiple Voting Shares shall be issued in connection with the Consolidation, and if a shareholder would otherwise be entitled to receive a fractional share on the Consolidation, the number of Subordinate Voting Shares or Class B Multiple Voting Shares to be received by such shareholder shall be rounded to the nearest whole number of Subordinate Voting Shares or Class B Multiple Voting Shares, as applicable;

iii. amend the terms of the Subordinate Voting Shares such that they will have the special rights and restrictions set forth in the Articles (the "**New Subordinate Voting Shares**");

iv. create a new class of shares consisting of an unlimited number of Class C multiple voting shares (the "**New Multiple Voting Shares**") having the special rights and restrictions set forth in the Articles;

v. create a new class of shares consisting of an unlimited number of Class B proportionate voting shares having the special rights and restrictions set forth in the Articles;

vi. amend the terms of the Class B Multiple Voting Shares resulting from the Subdivision and the Consolidation such that such Class B Multiple Voting Shares will have the special rights and restrictions attached to the New Subordinate Voting Shares, and be redesignated as New Subordinate Voting Shares; and

vii. delete the Corporation's Class C preference shares in their entirety;

3. any director or officer of the Corporation be and is hereby individually authorized and directed for and on behalf of the Corporation to do all further acts and things, and to execute under the seal of the Corporation or otherwise, and deliver all such documents, instruments and writings as may be necessary or desirable in order to give effect to this resolution;

4. notwithstanding the approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in its sole discretion, revoke this special resolution before it is acted upon, without further approval of the shareholders; and

5. any one or more directors or officers be and are hereby authorized, upon the board of directors resolving to give effect to this resolution, to take all necessary steps and proceedings, and to execute and deliver and file any and all applications, declarations, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution."

Board Recommendation

The Board believes that the Continuance, the Subdivision and the Consolidation are in the best interests of the Corporation and therefore unanimously recommends that shareholders vote in favour of the Continuance Resolution.

It is the intention of the management designees, if named as proxy, to vote "FOR" the Continuance Resolution unless otherwise directed.

The Board may, in its sole discretion, decide not to act on the Continuance Resolution.

6. AUDITOR RESOLUTION

At the Meeting, the Shareholders will be asked to approve the appointment of MNP LLP as auditor of the Corporation conditional and effective upon the completion of the Business Combination, and to authorize the directors of the Corporation to fix their remuneration (the "**Auditor Resolution**").

It is the intention of the management designees, if named as proxy, to vote "FOR" the Auditor Resolution unless otherwise directed.

The Board may, in its sole discretion, decide not to act on the Auditor Resolution.

7. FINANCIAL YEAR END RESOLUTION

At the Meeting, the Shareholders will be asked to approve the change of the financial year end to December 31st, conditional and effective immediately prior to completion of the Business Combination (the "**Financial Year End Resolution**").

It is the intention of the management designees, if named as proxy, to vote "FOR" the Financial Year End Resolution unless otherwise directed.

The Board may, in its sole discretion, decide not to act on the Financial Year End Resolution.

8. FIXING THE NUMBER OF POST-BUSINESS COMBINATION DIRECTORS

At the Meeting, the Shareholders will be asked to approve the fixing of the size of the Board of the Corporation at six (6) directors effective immediately prior to completion of the Business Combination (the "**Board Resolution**"). The term of office for each director shall continue to hold office until the next annual meeting of the Shareholders or until the election of a successor, unless a director resigns or a director's office becomes vacant by other cause.

It is the intention of the management designees, if named as proxy, to vote "FOR" the Board Resolution unless otherwise directed.

The Board may, in its sole discretion, decide not to act on the Board Resolution.

9. ELECTION OF POST-BUSINESS COMBINATION DIRECTORS

At the Meeting, the Shareholder will be asked to approve the election of the directors of the Corporation effective upon completion of the Business Combination. The following table sets forth the names of five (5) of the six (6) persons proposed to be nominated for election as a director conditional on and effective upon completion of the Business Combination (the "**Board Nominees**") with the sixth (6th) nominee to be identified by Acreage prior to completion of the Business Combination and appointed to the Board by the Board Nominees, each nominee's municipality of residence, principal occupation at the present and during the preceding five (5) years, and the number and class of shares of the Corporation that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the date hereof.

Name and Municipality of Residence	Director of the Corporation Since	Principal Occupation over Last Five (5) Years	Voting Securities of the Corporation Beneficially Owned Directly or Indirectly(1)
John Boehner(3) *Marco Island, Florida*	N/A	Former Speaker of the U.S. House of Representatives	Nil
Larissa Herda(2) *Castle Rock, Colorado*	N/A	Independent Consultant	Nil
Douglas Maine(2) *Bedford Corners, New York*	N/A	Independent Consultant	Nil
Kevin P. Murphy(2)(3) *New York, New York*	N/A	Chief Executive Officer, Acreage	Nil
William F. Weld(3) *Canton, Massachusetts*	N/A	Former Governor of Massachusetts	Nil

Notes:

(1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective Board Nominees individually.
(2) Proposed member of the Corporation's Audit Committee following completion of the Business Combination.
(3) Proposed member of the proposed compensation and corporate governance committee following completion of the Business Combination (the "**Compensation and Corporate Governance Committee**").

Management of the Corporation does not contemplate that any of the Board Nominees will be unable to serve as a director upon the completion of the Business Combination. It is a condition precedent to the completion of the Business Combination that the Shareholders approve the election of the Board Nominees (the "**Director Election Resolution**") conditional and effective upon the completion of the Business Combination. If the Director Election Resolution does not receive the requisite approval, the Business Combination will not proceed, unless such condition precedent is waived by Acreage.

Description of Each Board Nominee's Activities

John A. Boehner*:* John A. Boehner is a former Speaker of the U.S. House of Representatives. Mr. Boehner served in the U.S. House of Representatives from 1991 to October 2015 and served as Speaker of the U.S. House of Representatives from January 2011 to October 2015. Prior to entering public service, Speaker Boehner spent years running a small business representing manufacturers in the packaging and plastics industry. He championed a number of major reform projects as a Member of Congress. During his nearly five years as Speaker, Mr. Boehner developed a reputation for bringing Republicans and Democrats together in support of major policy initiatives.

Larissa Herda: Larissa L. Herda served as the Chairman of TW Telecom Inc. (formerly, Time Warner Telecom Inc.) from June 2001 to November 2014 and as its Chief Executive Officer from June 1998 to November 2014. Prior to her appointment as Chief Executive Officer, Ms. Herda served as Senior Vice President of Sales and Marketing at TW Telecom Inc. from March 1997. Ms. Herda served as a member of the President's National Security Telecommunications Advisory Committee, and chair of the Federal Communications Commission's Communications, Security, Reliability and Interoperability Council. Ms. Herda was also Chairman of the Denver Branch of the Federal Reserve of Kansas City and served as a member of the Colorado Innovation Network advisory board, appointed by Colorado Gov. John Hickenlooper, and as a Member of the Advisory Board at University of Colorado Leeds School of Business. Ms. Herda is a graduate of the University of Colorado.

***Douglas Maine*:** Douglas L. Maine joined International Business Machines Corporation ("**IBM**") in 1998 as Chief Financial Officer following a 20-year career with MCI (now part of Verizon) where he was Chief Financial Officer from 1992-1998. He was named General Manager of ibm.com in 2000 and General Manager, Consumer Products Industry in 2003 and retired from IBM in 2005. Mr. Maine currently serves as a director of Albemarle Corporation and previously served as a director of the following public companies: Orbital-ATK, Inc. from 2006- 2017, BroadSoft, Inc. from 2006-2017 and Rockwood Holdings, Inc. from 2005-2015.

Kevin P. Murphy: Kevin P. Murphy is currently a Managing Member of High Street Capital Partners Management, the Managing Member of Acreage Holdings, and Chief Executive Officer of Acreage Holdings. Prior to his role at Acreage Holdings, Mr. Murphy was most recently a Founding Member and Managing Partner of Tandem Global Partners, a boutique investment firm focused on the emerging markets. Previously Mr. Murphy was Managing Partner at Stanfield Capital Partners, where he served as a member of the Operating and Management team that oversaw all aspects of Stanfield's business, including risk management, sales and distribution, client services, legal, compliance and operations. Mr. Murphy also previously worked at Gleacher NatWest (Partner and Dir. of Marketing), Schroders (Sr. VP of Sales), Lazard Freres (VP) and Cantor Fitzgerald (VP). Mr. Murphy graduated with a B.A. from Holy Cross College.

William F. Weld: William F. Weld served as Governor of Massachusetts from January 1991 to July 1997. Mr. Weld was the Vice Presidential nominee for the Libertarian Party during the 2016 U.S. Presidential campaign. Prior to serving as governor of Massachusetts, Mr. Weld served as the U.S. Attorney for Massachusetts from 1981 until 1986, when he was appointed by President Reagan to lead the Criminal Division of the Department of Justice in Washington, D.C., where he served until 1988. Prior to his service as a U.S. Attorney, Mr. Weld served as a staff member of the U.S. House of Representatives (during which time he participated in the Nixon impeachment proceedings) and the U.S. Senate. Governor Weld is a member of the Council on Foreign Relations in New York and served by appointment of the President on the U.S. Holocaust Memorial Council. He serves as an associate member of the InterAction Council, a working society of former heads of state from throughout the world, which reports on issues of global concern such as energy, food, water, nuclear proliferation, and religious sectarianism.

It is the intention of the management designees, if named as proxy, to vote "FOR" the Director Election Resolution unless otherwise directed. Management has no reason to believe that any of the Board Nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his, her or its shares are to be withheld from voting in respect of the Director Electron Resolution.

In the event that the Business Combination does not proceed, the Board may, in its sole discretion, decide not to act on the Director Election Resolution.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed Board Nominee is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company that:

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, while such person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

No proposed Board Nominee, within the ten years prior to the date of this Information Circular, has been a director or executive officer of any company that, while such person was acting in that capacity or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No proposed Board Nominee is or has, within the ten years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties

Except as described below, no proposed Board Nominee has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

On January 11, 2016, on the advice of counsel, Kevin P. Murphy entered into an agreement to settle a matter in connection with a routine Financial Industry Regulatory Authority ("**FINRA**") examination of a broker-dealer formerly owned, in part, by Mr. Murphy. FINRA alleged that Mr. Murphy failed to inform his broker in writing or receive pre-approval for a sale of a security that he owned. He agreed, without admitting or denying the findings without adjudication of any issue of law or fact, to a contingent fine payable only if he re-registered as a broker, and agreed to remain outside of the industry for 12 months, notwithstanding the fact that he had resigned his position with the broker dealer in January 2014.

10. NAME CHANGE

Upon the Continuance, the Corporation will carry on the business carried on by Acreage and, accordingly, the Shareholders will be asked to approve the change of the corporate name of the Corporation (the "**Name Change**") to "Acreage Holdings, Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine (the "**Name Change Resolution**").

It is intended that the Name Change be effected upon continuance of the Corporation into British Columbia and in any case immediately prior to completion of the Business Combination. The Board believes that the Name Change is in the best interests of the Corporation and therefore unanimously recommends that shareholders vote in favour of the Name Change Resolution.

Name Change Resolution

In order to pass the Name Change Resolution, at least two-thirds of the votes cast by the shareholders present at the Meeting in person or by proxy must be voted in favour of the Name Change Resolution.

The text of the Name Change Resolution to be voted on at the Meeting by the shareholders is set forth below:

"BE IT RESOLVED as a special resolution that:

1. effective upon the continuance of the Corporation into British Columbia, the name of the Corporation be changed to "Acreage Holdings, Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine (the "**Name Change**");

2. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and they are hereby authorized and empowered to revoke this resolution at any time prior to the issue of a certificate of amendment giving effect to the Name Change and to determine not to proceed with the amendment of the articles of incorporation of the Corporation without further approval of the shareholders of the Corporation; and

3. any director or officer of the Corporation be and he or she is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, including, without limitation, the execution and delivery of the articles of amendment in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario), the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

It is the intention of the management designees, if named as proxy, to vote "FOR" the Name Change Resolution unless otherwise directed.

In the event that the Business Combination does not proceed, the Board may, in its sole discretion, decide not to act on the Name Change Resolution.

11. EQUITY INCENTIVE PLAN

In connection with the Business Combination, and in particular the preponderance of employees of Acreage that are residents of the United States, the Corporation proposes to adopt a New Omnibus Equity Plan (the "**New Omnibus Equity Plan**") to replace the existing Stock Option Plan (as defined below), subject to Shareholder approval and completion of the Business Combination.

Equity Incentive Plan Resolution

At the Meeting, the Shareholders will be asked to approve a resolution adopting the New Omnibus Equity Plan conditional and effective upon the completion of the Business Combination (the "**Equity Incentive Plan Resolution**").

To be effective, the Equity Incentive Plan Resolution requires the affirmative vote of not less than a majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting. For purposes of approval of the Equity Incentive Plan Resolution, none of the current officers, directors or insiders of the Corporation will be eligible to participate in the New Omnibus Equity Plan and thus none of their shares will be included in determining whether the Equity Incentive Plan Resolution has been approved.

Shareholder approval of the New Omnibus Equity Plan is necessary for certain purposes, including for the Corporation to facilitate grants of incentive stock options for purposes of Section 422 of the United States Internal Revenue Code of 1986 (the "**Code**"), as amended. If Shareholders do not approve the New Omnibus Equity Plan, the New Omnibus Equity Plan will not go into effect.

The text of the Equity Incentive Plan Resolution to be considered at the Meeting will be substantially as follows:

"BE IT RESOLVED that:

1. subject to the successful completion of the Business Combination as defined in the management information circular of Applied Inventions Management Corp. (the "**Corporation**") dated October 5, 2018 (the "**Circular**"), the New Omnibus Equity Plan of the Corporation (the "**New Omnibus Equity Plan**"), the principal features of which are summarized in the Circular, with such amendments as the Board may authorize and approve from time to time, is hereby approved and the New Omnibus Equity Plan be and is hereby approved and adopted as the stock option plan of the Corporation;

2. all issued and outstanding stock options previously granted by the Corporation shall be continued under and governed by the New Omnibus Equity Plan;

3. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and

4. any director or officer of the Corporation be and he or she is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

The Board recommends that shareholders vote in favour of the Equity Incentive Plan Resolution as set out above.

It is the intention of the management designees, if named as proxy, to vote "FOR" the Equity Incentive Plan Resolution.

In the event that the Business Combination does not proceed, the Board may, in its sole discretion, decide not to act on the Equity Incentive Plan Resolution.

Summary of New Omnibus Equity Plan

The principal features of the New Omnibus Equity Plan are summarized below.

Purpose

The purpose of the New Omnibus Equity Plan will be to enable the Corporation and its affiliated companies to promote the success, and enhance the value, of the Corporation, and its affiliated companies by linking the personal interests of the employees, officers, consultants, independent contractors, advisors and directors of the Corporation and its affiliated companies to those of the Corporation shareholders and by providing such persons with an incentive for outstanding performance. The New Omnibus Equity Plan is further intended to provide flexibility to the Corporation in its ability to motivate, attract, and retain the services of employees, officers, consultants, independent contractors, advisors and directors upon whose judgment, interest, and special effort the successful conduct of the Corporation's operation will be largely dependent.

The New Omnibus Equity Plan will permit the grant of: (i) non-qualified stock options ("**NQSOs**") and incentive stock options ("**ISOs**") (collectively, "**Options**"); (ii) restricted stock awards ("**Restricted Stock**"); (iii) stock appreciation rights ("**SARs**"); (iv) restricted stock units ("**Restricted Stock Units**"), and (v) any other right or interest relating to Subordinate Voting Shares or cash as will be determined by the Compensation and Corporate Governance Committee, which are referred to collectively as "**Awards**," as more fully described below.

Eligibility

Any of the employees, officers, directors, independent contractors, advisors, consultants of the Corporation or any of its affiliated entities will be eligible to participate in the New Omnibus Equity Plan if selected by the Compensation and Corporate Governance Committee (the "**Participants**"). The basis of participation of an individual under the New Omnibus Equity Plan, and the type and amount of any Award that a Participant will be entitled to receive under the New Omnibus Equity Plan, will be determined by the Compensation and Corporate Governance Committee based on its judgment as to the best interests of the Corporation and its shareholders, and therefore cannot be determined in advance.

The maximum number of Subordinate Voting Shares that may be issued under the New Omnibus Equity Plan shall be 10% of the number of issued and outstanding Subordinate Voting Shares from time to time, on a fully diluted and an as-converted basis (which includes the conversion of the Proportionate Voting Shares on a 40:1 basis and Multiple Voting Shares on a 1:1 and the redemption or exchange, as applicable, on a 1:1 basis of the outstanding units of Acreage, the Corporation's outstanding warrants and options and the Class B non-voting common shares of Acreage Holdings WC, Inc., a Nevada corporation, into Subordinate Voting Shares). Such Awards may be made in any form permitted under the New Omnibus Equity Plan, in any combinations recommended by the Compensation and Corporate Governance Committee and approved by the Board.

To the extent that an Award is canceled, is forfeited, terminates, expires or lapses for any reason, any Subordinate Voting Shares subject to the Award will again be available for the grant of an Award under the New Omnibus Equity Plan and shares subject to SARs or other Awards settled in cash will be available for the grant of an Award under the New Omnibus Equity Plan. Any shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased on the open market.

Awards

Options

It is intended that the Compensation and Corporate Governance Committee will be authorized to grant Options to purchase Subordinate Voting Shares that are either ISOs, meaning they are intended to satisfy the requirements of Section 422 of the Code, or NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code. Options granted under the New Omnibus Equity Plan will be subject to the terms and conditions established by the Compensation and Corporate Governance Committee. Under the terms of the New Omnibus Equity Plan, the exercise price of the Options will not be less than the fair market value (as determined under the New Omnibus Equity Plan) of the Subordinate Voting Shares at the time of grant. Options granted under the New Omnibus Equity Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Compensation and Corporate Governance Committee and specified in the applicable award agreement. The maximum term of an option granted under the New Omnibus Equity Plan will be ten years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder). Payment in respect of the exercise of an Option may be made in cash or by check, by surrender of unrestricted shares (at their fair market value on the date of exercise) or by such other method as the Compensation and Corporate Governance Committee may determine to be appropriate.

Stock Appreciation Rights

A SAR will entitle the recipient to receive, upon exercise of the SAR, the increase in the fair market value (as determined under the New Omnibus Equity Plan) of a specified number of Subordinate Voting Shares from the date of the grant of the SAR and the date of exercise payable in Subordinate Voting Shares.

In the case of termination of employment or consultancy by the Corporation or an affiliated entity, as applicable, (whether with or without cause), the value to be paid to the Participant for any vested SARs, shall be the excess, if any, of (i) the fair market value of the Subordinate Voting Shares as of the date of such termination, over (ii) the net book value of the Subordinate Voting Shares determined in good faith by the Board in its sole discretion as of the last day of the month immediately preceding the date of termination. Any grant may specify a vesting period or periods before the SAR may become exercisable and permissible dates or periods on or during which the SAR shall be exercisable.

Restricted Stock Units

An award of Restricted Stock Units is a right to receive Subordinate Voting Shares or cash at the end of a specified deferral period which will be determined by the Compensation and Corporate Governance Committee, which right may be conditioned on the satisfaction of certain requirements.

In the case of termination of employment or consultancy by the Corporation or an affiliated entity, as applicable, except as otherwise determined by the Compensation and Corporate Governance Committee or if terminated for "cause", any outstanding Restricted Stock Units which have vested on or prior to the Participant's termination date shall be settled in accordance with their terms. In the event of termination for cause, all Restricted Stock Units shall terminate and become null and void whether vested or unvested.

Restricted Stock

An award of Restricted Stock is a grant of Subordinate Voting Shares, which are subject to forfeiture restrictions during a restriction period. The Compensation and Corporate Governance Committee will determine the price, if any, to be paid by the Participant for each Subordinate Voting Share subject to a Restricted Stock Award.

Any award of Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Compensation and Corporate Governance Committee may impose in its sole discretion (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, under such circumstances, in such installments, upon the satisfaction of performance goals or otherwise, as the Compensation and Corporate Governance Committee shall determine at the time of the grant of such Award or thereafter.

Except as otherwise determined by the Compensation and Corporate Governance Committee at the time of the grant of the Award or thereafter, upon termination of employment during the applicable restriction period or upon failure to satisfy a performance goal during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Corporation; provided, the Compensation and Corporate Governance Committee may provide in any agreement governing the Award that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from specified causes, and the Board may in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

General

The Compensation and Corporate Governance Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the New Omnibus Equity Plan shall be non-transferable except by will or by the laws of descent and distribution. Except as explicitly provided in an Award, no Participant shall have any rights as a shareholder with respect to Subordinate Voting Shares covered by Options, SARs or Restricted Stock, unless and until such Awards are settled in Subordinate Voting Shares.

No Option (or, if applicable, SARs) shall be exercisable, no Subordinate Voting Shares shall be issued, no certificates for Subordinate Voting Shares shall be delivered and no payment shall be made under the New Omnibus Equity Plan except in compliance with all applicable laws.

Subject to the Compensation and Corporate Governance Committee's ability to amend and modify the New Omnibus Equity Plan as provided therein, the Board may amend, alter, suspend, discontinue or terminate the New Omnibus Equity Plan and the Compensation and Corporate Governance Committee may amend any outstanding Award at any time; provided that: (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Corporation's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the New Omnibus Equity Plan (including, without limitation, as necessary to comply with any rules or requirements of applicable securities exchange); and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event the Subordinate Voting Shares shall be changed into or exchanged for a different number or class of shares of stock or securities of the Corporation or of another corporation, whether through reorganization, recapitalization, reclassification, share exchange, stock split-up, combination of shares, merger or consolidation, the authorization limits set out in the New Omnibus Equity Plan on the number of Subordinate Voting Shares reserved thereunder shall be adjusted proportionately, and there shall be substituted for each such share of Subordinate Voting Shares then subject to each Award the number and class of shares into which each outstanding Subordinate Voting Share shall be so exchanged, all without any change in the aggregate purchase price for the shares then subject to each Award, or, there shall be made such other equitable adjustment as the Compensation and Corporate Governance Committee may, in its sole and absolute discretion, approve.

Tax Withholding

The Corporation may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

STATEMENT OF EXECUTIVE COMPENSATION

The Corporation's Statement of Executive Compensation, in accordance with the requirements of Form 51-102F6V - *Statement of Executive Compensation - Venture Issuers*, is set forth below, which contains information about the compensation paid to, or earned by, the Corporation's Chief Executive Officer, Chief Financial Officer and the next most highly compensated executive officer of the Corporation earning more than CDN$150,000.00 in total compensation as at August 31, 2017 (the "**Named Executive Officers**" or "**NEOs**"). Based on the foregoing, Michael B. Stein, President, Secretary and Director of the Corporation, and Gabriel Nachman, Chief Financial Officer and Director of the Corporation, are the Corporation's only Named Executive Officers as at August 31, 2017.

Compensation Discussion and Analysis

The Corporation has been inactive since 2002 and is currently in the process of reorganizing its affairs. It has no current business and no compensation has been paid by the Corporation to any of its officers or directors in the past two most recently completed financial years, except for stock incentive options granted to the directors of the Corporation. As such, the Corporation has not yet determined the compensation to be paid to officers and directors going forward or developed a new compensation program and policy. The Corporation does not have a compensation committee.

Stock Options and Other Compensation Securities

No stock options or compensation securities were granted, issued or exercised by any NEO or director during the financial year ended August 31, 2017.

Employment Agreements, Termination and Change of Control Benefits

The Corporation does not have any employment agreements with any of its employees and does not have any termination or change of control obligations.

Pension Plan Benefits

No pension or retirement benefits plans have been instituted and none are proposed at this time.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of the Corporation has carefully considered the Corporate Governance Guidelines (the "**Guidelines**") adopted by the TSX Venture Exchange ("**TSXV**") and believes it to be in the best interests of the Corporation to promote best corporate governance practices. Since the Corporation has been inactive since 2002, the Board has not implemented any formal corporate governance policies during this time.

Corporate Governance Disclosure

The information required to be disclosed by National Policy 58-101 *Disclosure of Corporate Governance Practices* is attached to this Information Circular as Schedule "C".

The Corporation has established an Audit Committee that assists the Board in its oversight of: (i) the integrity of the financial reporting of the Corporation; (ii) the independence and performance of the Corporation's external auditors; and (iii) the Corporation's compliance with legal and regulatory requirements. The members of the Audit Committee are Messrs. Nachman (Chairman), Hariton and Polisuk. Messrs. Hariton and Polisuk being independent directors as defined in the Guidelines. Members of the Audit Committee do not receive compensation for sitting on the committee or attending meetings of the committee.

The charter of the Audit Committee and other information required to be disclosed by Form 52-110F2 is attached to this Information Circular as Schedule "D".

Indebtedness of Directors, Executive Officers and Senior Officers

During the fiscal years ended August 31, 2017 and August 31, 2016 no loans were made by the Corporation to any senior officer, director or proposed nominee for election as a director or any key employee of the Corporation, or any of their respective associates, for any reason whatsoever.

Related-Party Transactions

Except as otherwise described herein and the Corporation's audited financial statements for the year ended August 31, 2017, no other related party transactions were completed by the Corporation during its financial year ended August 31, 2017.

During the financial year ended August 31, 2017, Michael Stein, the Corporation's President, Chief Executive Officer, Secretary and a director paid certain expenses of the Corporation in exchange for a shareholder loan bearing interest at 10% per annum and secured by a general security agreement (the "**Shareholder Loan**"). As at August 31, 2018 the amount of the Shareholder Loan was approximately $147,000.

On April 27, 2016, the Corporation agreed to settle an aggregate of $645,154 of indebtedness (the "**Settlement**") owed to Mr. Michael Stein and WFE, in exchange for the issuance of a secured debenture convertible into Subordinate Voting Shares in the principal amount of $343,154 to Mr. Stein (the "**Class A Debenture**"), and a secured debenture convertible into Class B Multiple Voting Shares in the principal amount of $302,000 to WFE (the "**Class B Debenture**"). All or any portion of the outstanding principal amount of indebtedness or any outstanding interest payments under the Class A Debenture is convertible at the option of the holder into units (the "**Class A Units**") at a conversion price of $0.05 per Class A Unit at any time prior to April 27, 2018 (the "**Maturity Date**"). Each Class A Unit consists of one Subordinate Voting Share and one share purchase warrant (the "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Subordinate Voting Share at a price of $0.06 per Subordinate Voting Share until two (2) years from the date of issuance. All or any portion of the outstanding principal amount or any outstanding interest payments of indebtedness under the Class B Debenture is convertible at the option of the holder into units (the "**Class B Units**") at a conversion price of $0.05 per Class B Unit at any time prior to the Maturity Date. Each Class B Unit consists of one Class B Multiple Voting Share and one Warrant.

On May 30, 2017, the Class B Debenture was converted into 6,700,260 Class B Units at $0.05 per unit, comprising of 6,700,260 Class B Multiple Voting Shares and 6,700,260 Warrants. On May 22, 2018, the Corporation entered into an amending agreement in respect of the Class A Debenture extending the Maturity Date to October 27, 2020.

Interest of Insiders in Material Transactions

No insider of the Corporation, or associate or affiliate of the Corporation, has any material interest, direct or indirect, in any transaction completed during the Corporation's last fiscal year ended August 31, 2017 or in any proposed transaction, which, in either case, has materially affected or will materially affect the Corporation other than as disclosed in the "**Related Party Transactions**" section above or in the audited financial statements of the Corporation for the year ended August 31, 2017, a copy of which accompanies this Information Circular.

DIVIDEND POLICY

The Corporation has not paid any dividends on its Subordinate Voting Shares, Class B Multiple Voting Shares or Preference Shares to date and does not expect to pay dividends on such shares in the foreseeable future. It is anticipated that all available funds will be used to finance the future development of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of Subordinate Voting Shares to be issued upon exercise of outstanding options (the "**Outstanding Options**") issued pursuant to compensation plans under which equity securities of the Corporation are authorized for issuance, the weighted average exercise price of such Outstanding Options and the number of Subordinate Voting Shares remaining available for future issuance under such compensation plans as at August 31, 2017.

Plan Category	Number of securities to be issued upon exercise of Outstanding Options(1)	Weighted-average exercise price of Outstanding Options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)(1)
Equity compensation plans approved by security holders(1)	750,000 Subordinate Voting Shares	$0.05 per Outstanding Option	72,803 Outstanding Options
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	750,000 Subordinate Voting Shares	$0.05 per Outstanding Option	72,803 Outstanding Options

Note:

(1) The Corporation currently has a "rolling" stock option plan (the "**Stock Option Plan**") which provides that the maximum number of Subordinate Voting Shares and Class B Multiple Voting Shares reserved for issuance and which will be available for purchase pursuant to options granted under the Stock Option Plan will not exceed that number which represents ten percent (10%) of the issued and outstanding Subordinate Voting Shares and that number which represents ten percent (10%) of the issued and outstanding Class B Multiple Voting Shares, respectively, as at the date of grant, which was approved by the Shareholders of the Corporation at the Corporation's annual general and special meeting held on June 4, 2014.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Corporation or person who acted in such capacity in the last financial year of the Corporation, or any other individual who at any time during the most recently completed financial year of the Corporation was a director of the Corporation or any associate of the Corporation, is indebted to the Corporation, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

MANAGEMENT CONTRACTS

No management functions of the Corporation are to any substantial degree performed by any other person or company other than by the directors or executive officers of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, the directors and officers of the Corporation are not aware of any transaction since the beginning of the Corporation's last completed financial year or any proposed transaction that has materially affected or will materially affect the Corporation in which any director or senior officer of the Corporation, any proposed management nominee for election as a director, any person beneficially owning or exercising control or direction over more than 10% of the voting securities of the Corporation or any associate or affiliate of any of the foregoing has or had a material interest, direct or indirect.

OTHER MATTERS

The management of the Corporation knows of no other matters to come before the Meeting other than as set forth in the notice of the Meeting. **However, if other matters which are not known to management should properly come before the Meeting or any adjournment or adjournments thereof, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be viewed via the System for Electronic Data Analysis and Retrieval (SEDAR) at www.sedar.com. Readers can also access and view the public insider trading reports via the System for Electronic Disclosure by Insiders at www.sedi.ca.

Shareholders may request copies of the Corporation's financial statements and Management Discussion and Analysis by contacting the Corporation at (416) 410-7722.

DIRECTORS' APPROVAL

The contents and the sending of this Information Circular to the Shareholders of the Corporation have been approved by the Board. Unless otherwise specified, information contained in this Information Circular is given as of the 5th day of October, 2018.

DATED at Toronto, Ontario as of the 5th day of October, 2018.

BY ORDER OF THE BOARD OF DIRECTORS OF
APPLIED INVENTIONS MANAGEMENT CORP.

"*Michael B. Stein*"

Michael B. Stein
President and Director

SCHEDULE "A"

ARTICLES

ACREAGE HOLDINGS, INC.

(the "Company")

The attached are the Articles of the Company pursuant to Section 302(i)(c) of the *Business Corporations Act* (British Columbia) following the continuance of the Company into British Columbia on •, 2018.

Full name and signature of a director **Date of Signing**

_____

Signature

Name of Director: _____ •, 2018

Incorporation Number: •

ACREAGE HOLDINGS, INC.

(THE "COMPANY")

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ARTICLE 1 - INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(a) "**Act**" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(b) "**appropriate person**" has the meaning assigned in the *Securities Transfer Act*;

(c) "**board of directors**", "**directors**" and "**board**" mean the directors or sole director of the Company for the time being;

(d) "***Interpretation Act***" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(e) "**legal personal representative**" means the personal or other legal representative of the shareholder;

(f) "**protected purchaser**" has the meaning assigned in the *Securities Transfer Act*;

(g) "**registered address**" of a shareholder means the shareholder's address as recorded in the central securities register;

(h) "**seal**" means the seal of the Company, if any;

(i) "**securities legislation**" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; "Canadian securities legislation" means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and "U.S. securities legislation" means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the *Securities Act* of 1933 and the *Securities Exchange Act* of 1934;

(j) "***Securities Transfer Act***" means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act; and

(k) "**Statutory Reporting Company Provisions**" has the meaning assigned in the Act.

1.2 Applicable Definitions and Rules of Interpretation

The definitions in the Act and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict or inconsistency between a definition in the Act and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the Act will prevail in relation to the use of the terms in these Articles. If there is a conflict between these Articles and the Act, the Act will prevail.

ARTICLE 2 - SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the Act. The directors may, by resolution, provide that; (a) the shares of any or all of the classes and series of the Company's shares must be uncertificated shares; or (b) any specified shares must be uncertificated shares. Within reasonable time after the issue or transfer of a share that is an uncertificated share, the Company must send to the shareholder a written notice containing the information required to be stated on a share certificate under the Act.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, on request, to receive, without charge, (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to a duly acknowledged agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail, stolen or otherwise undelivered.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

(a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(b) any indemnity the directors consider adequate.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights on the indemnity, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the Act, determined by the directors.

2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

2.11 Direct Registration System

For greater certainty, but subject to this Article 2.11, a registered shareholder may have his holdings of shares of the Company evidenced by an electronic, book-based, direct registration system or other non- certificated entry or position on the register of shareholders to be kept by the Company in place of a physical share certificate pursuant to such registration system as may be adopted by the Company, in conjunction with its transfer agent. This Article 2.11 shall be read such that a registered holder of shares of the Company pursuant to any such electronic, book-based, direct registration service or other non- certificated entry or position shall be entitled to all of the same benefits, rights and entitlements and shall incur the same duties and obligations as a registered holder of shares evidenced by a physical share certificate. The Company and its transfer agent may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a share registration system by electronic, book-based, direct registration system or other non-certificated means.

ARTICLE 3 - ISSUE OF SHARES

3.1 Directors Authorized

Subject to the Act, the rights of the holders of issued shares of the Company, and Article 27.6(b)(ii), the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share and may include a premium.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the Act, no share may be issued until it is fully paid. A share is fully paid when:

(a) consideration is provided to the Company for the issue of the share by one or more of the following:

(i) past services performed for the Company;

(ii) property;

(iii) money; and

(b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the Act, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

ARTICLE 4 - SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the Act, the Company must maintain in British Columbia a central securities register. The directors may, subject to the Act, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

ARTICLE 5 - SHARE TRANSFERS

5.1 Registering Transfers

Subject to Article 25 and Article 28.7, no transfer of a share of the Company shall be registered unless the following has been received by the Company:

(a) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(b) in the case of a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

(c) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and

(d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of shares to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

5.2 Form of Instrument of Transfer

An instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors, or the transfer agent for the class or series of shares to be transferred, from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the Act otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(a) in the name of the person named as transferee in that instrument of transfer; or

(b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

ARTICLE 6 - TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the Act and the directors have been deposited with the Company.

ARTICLE 7 - PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the Act, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(a) the Company is insolvent; or

(b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

7.4 Redemption

If the Company proposes to redeem some but not all of the shares of any class or series, the directors may, subject to the special rights and restrictions attached to such class or series of shares, decide the manner in which the shares to be redeemed are to be selected.

ARTICLE 8 - BORROWING POWERS

The Company, if authorized by the directors, may:

(a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

ARTICLE 9 - ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the Act, the Company may by resolution of the directors:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) subject to Article 26.5 and Article 27.5, subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any of its shares; or

(g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act.

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

9.2 Special Rights and Restrictions

Subject to the Act, the Company may by special resolution:

(a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

The Company may by resolution of the directors or by special resolution authorize an alteration to its Notice of Articles in order to change its name and may, by ordinary resolution or directors' resolution, adopt or change any translation of that name.

9.4 Other Alterations

If the Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

ARTICLE 10 - MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the Act, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the Act to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date selected in the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders, to be held at such time and place as the directors may determine.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(a) if and for so long as the Company is a public company, 21 days;

(b) otherwise, 10 days.

10.5 Notice of Resolution to Which Shareholders May Dissent

The Company must send to each of its shareholders whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered that specifies the date of the meeting and contains a statement advising of the right to send a notice of dissent and a copy of the proposed resolution.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(a) if and for so long as the Company is a public company, 21 days;

(b) otherwise, 10 days.

If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Act, by more than four months. If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(i) at the Company's records office, or at such other reasonably accessible location in British Columbia or by electronic access as is specified in the notice; and

(ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

10.10 Location of Annual General Meeting

The Company may by resolution of the directors choose a location outside of British Columbia for the purpose of any general meeting of shareholders.

10.11 Notice of Dissent Rights

The minimum number of days, before the date of a meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered, by which a copy of the proposed resolution and a notice of the meeting specifying the date of the meeting and advising of the right to send a notice of dissent is to be sent pursuant to the Act to all shareholders of the Company, whether or not their shares carry the right to vote, is:

(a) if and for so long as the Company is a public company, 21 days; or

(b) otherwise, 10 days.

ARTICLE 11 - PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(b) at an annual general meeting, all business is special business except for the following:

(i) business relating to the conduct of or voting at the meeting;

(ii) consideration of any financial statements of the Company presented to the meeting;

(iii) consideration of any reports of the directors or auditor;

(iv) the setting or changing of the number of directors;

(v) the election or appointment of directors;

(vi) the appointment of an auditor;

(vii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(viii) any other business which, under these Articles or the Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders entitled to vote at the meeting who hold, in the aggregate, at least 25% of the votes attached to the outstanding voting shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(a) the quorum is one person who is, or who represents by proxy, that shareholder, and

(b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present by the directors or by the chair of the meeting and any persons entitled or required under the Act to be present at the meeting, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at that meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(a) the chair of the board, if any; or

(b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the Act, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(a) the poll must be taken:

(i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(ii) in the manner, at the time and at the place that the chair of the meeting directs;

(b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(c) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

ARTICLE 12 - VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(a) for that purpose, the instrument appointing a representative must:

(i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;

(b) if a representative is appointed under this Article 12.5:

(i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.14 apply only insofar as they are not inconsistent with any applicable legislation, including without limitation securities legislation, or the rules of any stock exchange on which securities of the Company may be listed.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders who need not be shareholders to act in the place of an absent proxy holder.

12.9 Deposit of Proxy

A proxy for a meeting of shareholders must:

(a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.10 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) by the chair of the meeting, before the vote is taken.

12.11 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the undersigned):

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder - printed]

12.12 Revocation of Proxy

Subject to Article 12.13, every proxy may be revoked by an instrument in writing that is:

(a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) provided, at the meeting, to the chair of the meeting.

12.13 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.12 must be signed as follows:

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.14 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

ARTICLE 13 - DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors;

(b) if the Company is a public company, the greater of three and the most recently set of:

(i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(ii) the number of directors set under Article 14.4;

(c) if the Company is not a public company, the most recently set of:

(i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(ii) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(b)(i) or 13.1(c)(i):

(a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share of the Company as qualification for his or her office but must be qualified as required by the Act to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

ARTICLE 14 - ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(a) that individual consents to be a director in the manner provided for in the Act;

(b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(c) with respect to first directors, the designation is otherwise valid under the Act.

14.3 Failure to Elect or Appoint Directors

If:

(a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the Act; or

(b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(c) the date on which his or her successor is elected or appointed; and

(d) the date on which he or she otherwise ceases to hold office under the Act or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors but, if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purposes of appointing directors up to that number, summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors, or, subject to the Act, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders by ordinary resolution may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(a), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(a) the term of office of the director expires;

(b) the director dies;

(c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may by ordinary resolution elect or appoint a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

ARTICLE 15 - POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the powers of the directors related to the constitution of the board of directors and any committee of the directors, to appoint or remove officers and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub- delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

15.3 Remuneration of the auditor

The directors may set the remuneration of the auditor without the prior approval of the shareholders.

ARTICLE 16 - DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Act.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Act.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer

Subject to the Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

ARTICLE 17 -PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting will not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

(a) the chair of the board, if any;

(b) in the absence of the chair of the board, the president, if any, if the president is a director; or

(c) any other director chosen by the directors if:

(i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

(ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

(iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone or by other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the Act and these Articles to be present at the meeting.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, or as provided in Article 17.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

(a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(b) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director. Attendance of a director at a meeting of the directors is a waiver of entitlement to notice of the meeting, unless that director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors is a majority of directors.

17.11 Validity of Acts Where Appointment Defective

Subject to the Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by any written instrument, fax, email or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

ARTICLE 18 - EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:

(i) the power to fill vacancies in the board of directors;

(ii) the power to remove a director;

(iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(iv) the power to appoint or remove officers appointed by the directors; and

(c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

(a) conform to any rules that may from time to time be imposed on it by the directors; and

(b) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

(a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(b) terminate the appointment of, or change the membership of, the committee; and

(c) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

(a) the committee may meet and adjourn as it thinks proper;

(b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their members to chair the meeting;

(c) a majority of the members of the committee constitutes a quorum of the committee; and

(d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

ARTICLE 19 - OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(a) determine the functions and duties of the officer;

(b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

ARTICLE 20 - INDEMNIFICATION

20.1 Definitions

In this Article 20:

(a) "**eligible party**" means an individual who:

(i) is or was a director or officer of the Company;

(ii) is or was a director or officer of another corporation,

A. at a time when the corporation is or was an affiliate of the Company, or

B. at the request of the Company; or

(iii) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity;

(b) "**eligible penalty**" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(c) "**eligible proceeding**" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which an eligible party or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of the Company:

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(d) "**expenses**" has the meaning set out in the Act.

20.2 Mandatory Indemnification of Eligible Parties

Subject to the Act, the Company must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the Act, the Company may indemnify any person.

20.4 Non-Compliance with Act

The failure of an eligible party to comply with the Act or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(a) is or was a director, officer, employee or agent of the Company;

(b) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(c) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(d) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

ARTICLE 21 - DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5:00 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(a) set the value for distribution of specific assets;

(b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(c) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing all or part of such retained earnings or surplus or any part of the retained earnings or surplus.

ARTICLE 22 - DOCUMENTS, RECORDS AND REPORTS

22.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Act.

22.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

ARTICLE 23 - NOTICES

23.1 Method of Giving Notice

Unless the Act or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

(a) mail addressed to the person at the applicable address for that person as follows:

(i) for a record mailed to a shareholder, the shareholder's registered address;

(ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

(iii) in any other case, the mailing address of the intended recipient;

(b) delivery at the applicable address for that person as follows, addressed to the person:

(i) for a record delivered to a shareholder, the shareholder's registered address;

(ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(iii) in any other case, the delivery address of the intended recipient;

(c) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(d) unless the intended recipient is the auditor of the Company, sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

(e) physical delivery to the intended recipient.

23.2 Deemed Receipt of Mailing

(a) A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

(b) a record that is faxed to a person referred to in Article 23.1 is deemed to be received by that person on the day it was faxed; and

(c) a record that was emailed to a person referred to in Article 23.1 is deemed to be received by the person to whom it was emailed on the day it was emailed.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(a) mailing the record, addressed to them:

(i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(b) if an address referred to in paragraph (a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

23.6 Undelivered Notices

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 23.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company will not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

ARTICLE 24 - SEAL

24.1 Who May Attest Seal

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(a) any two directors;

(b) any officer, together with any director;

(c) if the Company only has one director, that director; or

(d) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

24.3 Signing Authority

In the event that the Company does not have a seal or wishes to execute a document without affixing a seal, any documents requiring signature on behalf of the Company may be signed by any one or more of the directors or officers of the Company, unless a contrary intention is expressed in a directors' resolution.

24.4 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

ARTICLE 25 - PROHIBITIONS

25.1 Definitions

In this Article 25:

(a) "**designated security**" means a security of the Company other than a non-convertible debt security;

(b) "**security**" has the meaning assigned in the *Securities Act* (British Columbia);

25.2 Application

Article 25 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

25.3 Consent Required for Transfer of Shares or Designated Securities

Subject to Article 25.2, no share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

ARTICLE 26 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO SUBORDINATE VOTING SHARES

26.1 Voting

The holders of Class A subordinate voting shares ("**Subordinate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Each Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

26.2 Alteration to Rights of Subordinate Voting Shares

So long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares expressed by separate special resolution, alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

26.3 Dividends

The holders of Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Proportionate Voting Shares, in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by forty (40); and (ii) the Multiple Voting Shares, in an amount per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share.

The directors may declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in:

(a) (i) Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share; or

(ii) Subordinate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by forty (40); and

(b) (i) Multiple Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share divided by 3000; or

(ii) Subordinate Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share.

26.4 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Subordinate Voting Shares shall be entitled to participate *pari passu* with the holders of Proportionate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to each of: (i) the amount of such distribution per Proportionate Voting Share divided by forty (40); and (ii) the amount of such distribution per Multiple Voting Share.

26.5 Subdivision or Consolidation

The Subordinate Voting Shares shall not be consolidated or subdivided unless the Proportionate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

26.6 Conversion of the Shares Upon An Offer

In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

(a) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) the Proportionate Voting Shares; or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and

(b) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to 0.025 of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares on the basis of forty (40) Subordinate Voting Shares for one (1) Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**"). For avoidance of doubt, fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is exercised which is less than forty (40).

The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

To exercise the Subordinate Voting Share Conversion Right, a holder of Subordinate Voting Shares or his or her attorney, duly authorized in writing, shall:

(i) give written notice of exercise of the Subordinate Voting Share Conversion Right to the transfer agent for the Subordinate Voting Shares, and of the number of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised;

(ii) deliver to the transfer agent for the Subordinate Voting Shares any share certificate or certificates representing the Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised; and

(iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No certificates representing Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right will be delivered to the holders of Subordinate Voting Shares. If Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Proportionate Voting Shares, such Proportionate Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into Subordinate Voting Shares on the basis of one (1) Proportionate Voting Share for forty (40) Subordinate Voting Shares, and the Company will procure that the transfer agent for the Subordinate Voting Shares shall send to such holder a direct registration statement, certificate or certificates representing the Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deliver to the holders of such Proportionate Voting Shares the consideration paid for such Proportionate Voting Shares by such Offeror.

ARTICLE 27 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO PROPORTIONATE VOTING SHARES

27.1 Voting

The holders of Class B proportionate voting shares ("**Proportionate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 27.2 and 27.3, each Proportionate Voting Share shall entitle the holder to forty (40) votes and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by forty (40) and rounding the product down to the nearest whole number, at each such meeting.

27.2 Alteration to Rights of Proportionate Voting Shares

So long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Proportionate Voting Shares and Multiple Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Proportionate Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate special resolution, each Proportionate Voting Share and Multiple Voting Share shall entitle the holder to one (1) vote and each fraction of a Proportionate Voting Share or Multiple Voting Share will entitle the holder to the corresponding fraction of one (1) vote.

27.3 Shares Superior to Proportionate Voting Shares

(a) The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Proportionate Voting Shares without the consent of the holders of a majority of the Proportionate Voting Shares and Multiple Voting Shares expressed by separate ordinary resolution.

(b) At any meeting of holders of Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate ordinary resolution, each Proportionate Voting Share and Multiple Voting Share will entitle the holder to one (1) vote and each fraction of a Proportional Voting Share and Multiple Voting Share shall entitle the holder to the corresponding fraction of one (1) vote.

27.4 Dividends

(a) The holders of Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time. The directors may declare no dividend payable in cash or property on the Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40); and (ii) on the Multiple Voting Shares in an amount equal to the dividend declared per Proportionate Voting Share divided by forty (40).

(b) The directors may declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Proportionate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40); and (ii) Proportionate Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40).

(c) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40); and (ii) Subordinate Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Shares equal to the amount of the dividend declared per Proportionate Voting Share divided by forty (40).

(d) Holders of fractional Proportionate Voting Shares shall be entitled to receive any dividend declared on the Proportionate Voting Shares, in an amount equal to the dividend per Proportionate Voting Share multiplied by the fraction thereof held by such holder.

27.5 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Proportionate Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share multiplied by forty (40); and (ii) the amount of such distribution per Multiple Voting Share multiplied by forty (40); and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Proportionate Voting Share.

27.6 Subdivision or Consolidation

The Proportionate Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

27.7 Voluntary Conversion

Subject to the Conversion Limitation set forth in this Article 27.7, holders of Proportionate Voting Shares and Multiple Voting Shares shall have the following rights of conversion (the "**Share Conversion Right**"):

(a) **Right to Convert Proportionate Voting Shares**. Each Proportionate Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Share Conversion Right is exercised by forty (40). Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by forty (40).

(b) **Right to Convert Multiple Voting Shares**. Each Multiple Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares in respect of which the Share Conversion Right is exercised by one (1). Fractions of Multiple Voting Shares may be converted into such number of Subordinated Voting Shares as is determined by multiplying the fraction by one (1).

(c) **Conversion Limitation**. Unless already appointed, upon receipt of a Conversion Notice (as defined below), the directors (or a committee thereof) shall designate an officer of the Company who shall determine whether the Conversion Limitation set forth in this Article shall apply to the conversion referred to therein (the "**Conversion Limitation Officer**").

(d) **Foreign Private Issuer Status**. The Company shall use commercially reasonable efforts to maintain its status as a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the *Securities Exchange Act* of 1934, as amended (the "**Exchange Act**"). Accordingly, the Company shall not give effect to any voluntary conversion of Proportionate Voting Shares or Multiple Voting Shares pursuant to this Article 27.7 or otherwise, and the Share Conversion Right will not apply, to the extent that after giving effect to all permitted issuances after such conversion of Proportionate Voting Shares or Multiple Voting Shares, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (calculated on the basis that each Subordinate Voting Share, Proportionate Voting Share and Multiple Voting Share is counted once, without regard to the number of votes carried by such share) held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act ("**U.S. Residents**") would exceed forty percent (40%) (the "**40% Threshold**") of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (calculated on the same basis) issued and outstanding (the "**FPI Restriction**"). The directors may by resolution increase the 40% Threshold to a number not to exceed fifty percent (50%), and if any such resolution is adopted, all references to the 40% Threshold herein shall refer instead to the amended percentage threshold set by the directors in such resolution.

(e) **Conversion Limitation**. In order to give effect to the FPI Restriction, the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares or Multiple Voting Shares upon exercise by such holder of the Share Conversion Right will be subject to the 40% Threshold based on the number of Proportionate Voting Shares or Multiple Voting Shares held by such holder as of the date of issuance of Proportionate Voting Shares or Multiple Voting Shares to such holder, and thereafter at the end of each of the Company's subsequent fiscal quarters (each, a "**Determination Date**"), calculated as follows:

X = [A x 40% - B] x (C/D)

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding.

B = Aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents.

C = Aggregate Number of Proportionate Voting Shares and Multiple Voting Shares held by such holder.

D = Aggregate Number of All Proportionate Voting Shares and Multiple Voting Shares.

The Conversion Limitation Officer shall determine as of each Determination Date, in his or her sole discretion acting reasonably, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents, the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Proportionate Voting Shares or Multiple Voting Shares, the Company will provide each holder of Proportionate Voting Shares or Multiple Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Conversion Limitation Officer in its discretion. To the extent that issuances of Subordinate Voting Shares on exercise of the Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be pro-rated among each holder of Proportionate Voting Shares or Multiple Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of Articles 27.7(d) and e), the directors may by resolution waive the application of the Conversion Restriction to any exercise or exercises of the Share Conversion Right to which the Conversion Restriction would otherwise apply, or to future Conversion Restrictions generally, including with respect to a period of time.

(f) **Disputes**.

(i) Any holder of Proportionate Voting Shares or Multiple Voting Shares who beneficially owns more than 5% of the issued and outstanding Proportionate Voting Shares or Multiple Voting Shares may submit a written dispute as to the calculation of the 40% Threshold or the FPI Restriction by the Conversion Limitation Officer to the directors with the basis for the disputed calculations. The Company shall respond to the holder within 5 (five) business days of receipt of the notice of such dispute with a written calculation of the 40% Threshold or the FPI Restriction, as applicable. If the holder and the Company are unable to agree upon such calculation of the 40% Threshold or the FPI Restriction, as applicable, within 5 (five) business days of such response, then the Company and the holder shall, within 1 (one) business day thereafter submit the disputed calculation of the 40% Threshold or the FPI Restriction to the Company's independent auditor. The Company, at the Company's expense, shall cause the auditor to perform the calculations in dispute and notify the Company and the holder of the results no later than 5 (five) business days from the time it receives the disputed calculations. The auditor's calculations shall be final and binding on all parties, absent demonstrable error.

(ii) In the event of a dispute as to the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares or Multiple Voting Shares in connection with a voluntary conversion of Proportionate Voting Shares or Multiple Voting Shares, the Company shall issue to the holder of Proportionate Voting Shares or Multiple Voting Shares the number of Subordinate Voting Shares not in dispute, and resolve such dispute in accordance with Article 27.7(f)(i).

(g) **Mechanics of Conversion**. Before any holder of Proportionate Voting Shares or Multiple Voting Shares shall be entitled to voluntarily convert Proportionate Voting Shares or Multiple Voting Shares into Subordinate Voting Shares in accordance with Articles 27.7(a) or (b), the holder shall surrender the certificate or certificates representing the Proportionate Voting Shares or Multiple Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Proportionate Voting Shares or Multiple Voting Shares, and shall give written notice to the Company at its head office of his or her election to convert such Proportionate Voting Shares or Multiple Voting Shares and shall state therein the name or names in which the certificate or certificates representing the Subordinate Voting Shares are to be issued (a "**Conversion Notice**"). The Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate or certificates or direct registration statement representing the number of Subordinate Voting Shares to which such holder is entitled upon conversion. Such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate or certificates representing the Proportionate Voting Shares or Multiple Voting Shares to be converted is surrendered and the Conversion Notice is delivered, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Subordinate Voting Shares as of such date.

ARTICLE 28 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO MULTIPLE VOTING SHARES

28.1 Voting

The holders of Class C multiple voting shares ("**Multiple Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 28.2 and 28.3, each Multiple Voting Share shall entitle the holder to three thousand (3,000) votes and each fraction of a Multiple Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by three thousand (3,000) and rounding the product down to the nearest whole number, at each such meeting.

28.2 Alteration to Rights of Multiple Voting Shares

So long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of Multiple Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Multiple Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Multiple Voting Shares called to consider such a separate special resolution, each Multiple Voting Share shall entitle the holder to one (1) vote and each fraction of a Multiple Voting Share will entitle the holder to the corresponding fraction of one (1) vote.

28.3 Shares Superior to Multiple Voting Shares

(a) The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Multiple Voting Shares without the consent of the holders of a majority of the Multiple Voting Shares expressed by separate ordinary resolution.

(b) At any meeting of holders of Multiple Voting Shares called to consider such a separate ordinary resolution, each Multiple Voting Share will entitle the holder to one (1) vote and each fraction of a Multiple Voting Share shall entitle the holder to the corresponding fraction of one (1) vote.

28.4 Dividends

(a) The holders of Multiple Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time. The directors may declare no dividend payable in cash or property on the Multiple Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Multiple Voting Share; and (ii) on the Proportionate Voting Shares in an amount equal to the dividend declared per Multiple Voting Share multiplied by forty (40).

(b) The directors may declare a stock dividend payable in Proportionate Voting Shares on the Multiple Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Proportionate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Multiple Voting Share; and (ii) Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the amount of the dividend declared per Multiple Voting Share multiplied by forty (40).

(c) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Multiple Voting Shares, but only if the directors simultaneously declare a stock dividend payable in: (i) Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Multiple Voting Share; and (ii) Subordinate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Shares equal to the amount of the dividend declared per Multiple Voting Share multiplied by forty (40).

(d) Holders of fractional Multiple Voting Shares shall be entitled to receive any dividend declared on the Multiple Voting Shares, in an amount equal to the dividend per Multiple Voting Share multiplied by the fraction thereof held by such holder.

28.5 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Multiple Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Proportionate Voting Shares, with the amount of such distribution per Multiple Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share; and (ii) the amount of such distribution per Proportionate Voting Share divided by forty (40); and each fraction of a Multiple Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Multiple Voting Share.

28.6 Subdivision or Consolidation

The Multiple Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares and the Proportionate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

28.7 Transfer of Multiple Voting Shares

No Multiple Voting Share may be sold, transferred, assigned, pledged or otherwise disposed of without the written consent of the directors, and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

28.8 Mandatory Conversion of Multiple Voting Shares

(a) **Definitions.** In this Article 28.8:

(i) "**Acreage**" means High Street Capital Partners, LLC, d/b/a Acreage Holdings;

(ii) "**Definitive Agreement**" means the business combination agreement between, *inter alia*, the Company, Acreage, Finco and Merger Sub dated September 21, 2018;

(iii) "**Finco**" means Acreage Finco B.C. Ltd., a corporation existing under the laws of the province of British Columbia;

(iv) "**Membership Interests**" means the Class B, Class C and Class C.1 Membership Units of Acreage;

(v) "**Merger Sub**" means HSCP Merger Corp., a wholly-owned subsidiary of the Company existing under the laws of the province of British Columbia; and

(vi) "**Reverse Takeover**" means the completion of the combination of the businesses of the Company, Acreage, Finco and Merger Sub pursuant to the Definitive Agreement.

(b) **Mandatory Conversion**. All issued and outstanding Multiple Voting Shares will automatically, without any action on the part of the holder, be converted into Subordinate Voting Shares on the basis of one (1) Subordinate Voting Share for one (1) Multiple Voting Share upon the earliest of the date that: (i) the aggregate number of Multiple Voting Shares held by the holder of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Multiple Voting Shares held by such holder together with its affiliates on the date of completion of the Reverse Takeover (the "**RTO Closing Date**"), (ii) the aggregate number of Membership Interests held by the holder of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Membership Interests held by such holder together with its affiliates on the RTO Closing Date, and (iii) is five (5) years following the RTO Closing Date (the "**Mandatory Conversion Record Date**"). On the Mandatory Conversion Record Date, each certificate representing Multiple Voting Shares shall thenceforth be null and void. Within twenty (20) days of the Mandatory Conversion Record Date, the Company will send, or cause its transfer agent to send, notice thereof to all former holders of Multiple Voting Shares (a "**Mandatory Conversion Notice**") specifying:

(i) the Mandatory Conversion Record Date;

(ii) the number of Subordinate Voting Shares into which the Multiple Voting Shares held by such holder have been converted; and

(iii) the address of record of such holder.

As soon as practicable after the sending of the Mandatory Conversion Notice, the Company shall issue or shall cause its transfer agent to issue to each holder of Multiple Voting Shares certificates representing the number of Subordinate Voting Shares into which the Multiple Voting Shares have been converted.

From Mandatory Conversion Record Date, the directors shall no longer be entitled to issue any further Multiple Voting Shares whatsoever.

ARTICLE 29 ADVANCE NOTICE PROVISIONS

29.1 Nomination of Directors

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election as directors may be made at any general meeting of shareholders if one of the purposes for which the general meeting was called was the election of directors:

(i) by or at the direction of the directors, including pursuant to a notice of meeting;

(ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or

(iii) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below in this Article 29.1 and on the record date for notice of such meeting, is entered in the central securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 29.1.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Company at the principal executive offices of the Company.

(c) To be timely, a Nominating Shareholder's notice to the Secretary of the Company must be given:

(i) in the case of an annual general meeting of shareholders, not less than 30 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date"**) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be given not later than the close of business on the 10th day following the Notice Date;

(ii) in the case of any other general meeting of shareholders called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the general meeting of shareholders was made. In no event shall any adjournment or postponement of a general meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above;

(iii) if notice-and-access (as defined in National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described above, and the notice date in respect of the meeting is not fewer than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

(d) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:

(i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the general meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to Canadian securities legislation; and

(ii) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to Canadian securities legislation.

(e) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

(f) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 29.1; provided, however, that nothing in this Article 29.1 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this Article 29.1 and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(g) For purposes of this Article 29.1, “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com; and

(h) Notwithstanding Article 23 and any other provision of this Article 29.1, notice given to the Secretary of the Company pursuant to this Article 29.1 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(i) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 29.1.

ARTICLE 30 - FORUM SELECTION

Unless the Company consents in writing to the selection of an alternative forum, the Supreme Court of British Columbia, Canada and the Court of Appeal of British Columbia (together, "**British Columbia Courts**") shall, to the fullest extent permitted by law, be the sole and exclusive forum for:

(a) any derivative action or proceeding brought by any person on behalf of the Company;

(b) any action or proceeding asserting a claim of breach of a fiduciary duty owed to the Company by any director, officer or other employee of the Company;

(c) any action or proceeding asserting a claim arising pursuant to any provision of the Act or these Articles (as either may be amended from time to time; and

(d) Any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors, officers or any of them, but excluding claims relating to the business carried on by the Company or such affiliates.

If any action or proceeding, the subject matter of which is within the scope of the actions or proceedings referred to in Article 30(a)-(d) is commenced in a Court other than a Court located within the Province of British Columbia (a "**Foreign Action**") in the name of any shareholder or holder of other securities of the Company, such shareholder or other securityholder shall be deemed to have consented to:

(a) The personal jurisdiction of the British Columbia Courts in connection with any action or proceeding brought in the British Columbia Courts to enforce the provisions of this Article 30; and

(b) service of process in any such action or proceeding upon such shareholder or other securityholder by service upon such shareholder's counsel in the Foreign Action as agent for such shareholder or other securityholder.

SCHEDULE "B"

SUMMARY OF DISSENT RIGHTS

Section 185 of the OBCA provides that a shareholder may only exercise the right to dissent with respect to all the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. One consequence of this provision is that a shareholder may only exercise the right to dissent under section 185 of the OBCA in respect of the shares which are registered in that shareholder's name. In many cases, shares beneficially owned by a person (a "**Beneficial Holder**") are registered either: (i) in the name of an intermediary that the Beneficial Holder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, and their nominees); or (ii) in the name of a clearing agency (such as CDS Clearing and Depositary Services Inc. ("**CDS**")) of which the intermediary is a participant. Accordingly, a Beneficial Holder will not be entitled to exercise the right to dissent under section 185 of the OBCA directly (unless the shares are re-registered in the Beneficial Holder's name). A Beneficial Holder who wishes to exercise the right to dissent should immediately contact the intermediary who the Beneficial Holder deals with in respect of the applicable shares and either: (i) instruct the intermediary to exercise the right to dissent on the Beneficial Holder's behalf (which, if the shares are registered in the name of CDS or another clearing agency, would require that the shares first be re-registered in the name of the intermediary); or (ii) instruct the intermediary to re-register the shares in the name of the Beneficial Holder, in which case the Beneficial Holder would then have to exercise the right to dissent directly.

A registered Shareholder who wishes to invoke the provisions of section 185 of the OBCA (a "**Dissenting Shareholder**") must send the Corporation a written objection to the Continuance Resolution (a "**Notice of Dissent**") at the following address: Suite 801, 1 Adelaide Street East, Toronto, Ontario M5C 2V9 Attention: Mr. Barry Polisuk. The Notice of Dissent must be sent at or before the Meeting. The sending of a Notice of Dissent does not deprive a registered Shareholder of his or her right to vote on the Continuance Resolution, but a vote either in person or by proxy against the Continuance Resolution does not constitute a Notice of Dissent.

Within 10 days after the Continuance Resolution is approved, the Corporation must send a notice confirming passage for such resolution (the "**Approval Notice**") to those Dissenting Shareholders who have not withdrawn their Notices of Dissent and did not vote in favour of the Continuance Resolution at the Meeting. Within 20 days after receipt of such Approval Notice (or if a Dissenting Shareholder entitled to receive the Approval Notice does not receive such Approval Notice, within 20 days after he, she or it learns of the approval of the applicable resolution), a Dissenting Shareholder who has not withdrawn her, his or its Notice of Dissent and did not vote in favour of the Continuance Resolution at the Meeting must send the Corporation a written notice containing her, his or its name and address, the number of shares of the Corporation held and a demand for payment of the fair value of such shares and, within 30 days after sending such written notice, such Dissenting Shareholder must also send the Corporation the appropriate share certificate(s), if any. If the continuance of the Corporation into British Columbia becomes effective, the Corporation is required to determine the fair value of the Subordinate Voting Shares and/or Class B Multiple Voting Shares of the Corporation and to make a written offer to the Dissenting Shareholder to pay such amount. The fair value of those shares is to be determined as of the close of business on the last business day before the date on which the Continuance Resolution was adopted. If the Corporation fails to make a written offer or such offer is not accepted within 50 days after the continuance of the Corporation into British Columbia, the Corporation may apply to the court to fix the fair value of such Subordinate Voting Shares and/or Class B Multiple Voting Shares, as applicable. There is no obligation on the Corporation to apply to the court. If the Corporation fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days. If an application is made by either party, the final order of the court will fix the fair value of the Subordinate Voting Shares and/or Class B Multiple Voting Shares of all Dissenting Shareholders. The court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the date the shareholder ceased to have any rights by reason of their dissent until the date of payment.

A Dissenting Shareholder will cease to have any rights as a shareholder of the Corporation other than the right to be paid the fair value for her, his or its Subordinate Voting Shares and/or Class B Multiple Voting Shares upon the earliest of: (i) the continuance of the Corporation into British Columbia becoming effective; (ii) the Corporation and the Dissenting Shareholder entering into an agreement as to the payment to be made by the Corporation for the Dissenting Shareholder's shares; or (iii) the Court making an order fixing the fair value of the Subordinate Voting Shares and/or Class B Multiple Voting Shares. Until one of these three events occur, the Dissenting Shareholder may withdraw the Notice of Dissent or the Corporation may rescind the Continuance Resolution, and the dissent and appraisal proceedings in respect of such Dissenting Shareholder will be discontinued.

Dissenting Shareholders will not have any right other than those granted under the OBCA to have their Subordinate Voting Shares and/or Class B Multiple Voting Shares, as applicable, appraised or to receive the fair value thereof.

The above is only a summary and is expressly subject to the dissenting shareholder provisions of section 185 of the OBCA. The Corporation is not required to notify, and the Corporation will not notify, Shareholders of the time periods within which action must be taken in order for a Shareholder to exercise the Shareholder's dissent rights. It is recommended that any Shareholder of the Corporation wishing to exercise a right to dissent should seek legal advice, as failure to comply strictly with the provisions of the OBCA may result in the loss or unavailability of the right to dissent.

SECTION 185 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

Rights of dissenting shareholders

185(1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181; or

(e) sell, lease or exchange all or substantially all its property under subsection 184 (3), a holder of shares of any class or series entitled to vote on the resolution may dissent.

R.S.O. 1990, c. B.16, s. 185 (1).

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170 (5) or (6).

R.S.O. 1990, c. B.16, s. 185 (2).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

2006, c. 34, Sched. B, s. 35.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

R.S.O. 1990, c. B.16, s. 185 (3).

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

R.S.O. 1990, c. B.16, s. 185 (4).

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

R.S.O. 1990, c. B.16, s. 185 (5).

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

R.S.O. 1990, c. B.16, s. 185 (6).

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

R.S.O. 1990, c. B.16, s. 185 (7).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

R.S.O. 1990, c. B.16, s. 185 (8).

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

R.S.O. 1990, c. B.16, s. 185 (9).

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

R.S.O. 1990, c. B.16, s. 185 (10).

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

R.S.O. 1990, c. B.16, s. 185 (11); 2011, c. 1, Sched. 2, s. 1 (9).

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

R.S.O. 1990, c. B.16, s. 185 (12).

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

R.S.O. 1990, c. B.16, s. 185 (13).

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8), in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10).

R.S.O. 1990, c. B.16, s. 185 (14); 2011, c. 1, Sched. 2, s. 1 (10).

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

(a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or

(b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,

(i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

(ii) to be sent the notice referred to in subsection 54 (3).

2011, c. 1, Sched. 2, s. 1 (11).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

(a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and

(b) to be sent the notice referred to in subsection 54 (3).

2011, c. 1, Sched. 2, s. 1 (11).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

R.S.O. 1990, c. B.16, s. 185 (15).

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

R.S.O. 1990, c. B.16, s. 185 (16).

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

R.S.O. 1990, c. B.16, s. 185 (17).

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

R.S.O. 1990, c. B.16, s. 185 (18).

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

R.S.O. 1990, c. B.16, s. 185 (19).

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

R.S.O. 1990, c. B.16, s. 185 (20).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

R.S.O. 1990, c. B.16, s. 185 (21).

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made, of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

R.S.O. 1990, c. B.16, s. 185 (22).

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

R.S.O. 1990, c. B.16, s. 185 (23).

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

R.S.O. 1990, c. B.16, s. 185 (24).

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

R.S.O. 1990, c. B.16, s. 185 (25).

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

R.S.O. 1990, c. B.16, s. 185 (26).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

R.S.O. 1990, c. B.16, s. 185 (27).

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

R.S.O. 1990, c. B.16, s. 185 (28).

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

R.S.O. 1990, c. B.16, s. 185 (29).

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

R.S.O. 1990, c. B.16, s. 185 (30).

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

1994, c. 27, s. 71 (24).

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

1994, c. 27, s. 71 (24).

SCHEDULE "C"

FORM 58-101F2
CORPORATE GOVERNANCE DISCLOSURE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required and hereby discloses its corporate governance practices as follows:

ITEM 1 - Board of Directors

The Board of the Corporation facilitates its exercise of independent supervision over the Corporation's management through frequent discussions with management and regular meetings of the Board.

Messrs. Hariton and Polisuk are "independent" directors of the Corporation in that they are free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the directors' ability to act with the best interests of the Corporation, other than the interests and relationships arising from shareholdings.

Messrs. Michael B. Stein (President and Secretary), and Gabriel Nachman (Chief Financial Officer) are senior officers of the Corporation and are therefore not independent.

ITEM 2 - Directorships

If the Business Combination is completed, the Board Nominee will become the directors of the Corporation.

The following table sets forth the directors of the Corporation, the proposed nominees to sit on the Board prior to completion of the Business Combination and the proposed Board Nominees to sit on the Board following completion of the Business Combination, who are also currently directors of the following other reporting issuers:

NAME OF DIRECTOR	NAME OF REPORTING ISSUER	TERM
Michael B. Stein	Maricann Group Inc. (WAYL - CSE)	December 2017 to Present
	Majesta Minerals Inc. (not currently listed on a stock exchange)	August 2018 to Present
Barry Polisuk	Nurcapital Corporation Ltd. (NCL.P - TSXV)	January 8, 2015 to Present
	Academy Explorations Limited (not currently listed on a stock exchange)	June 2018 to Present
	Canntab Therapeutics Limited (PILL - CSE)	April 2018 to Present
Gabriel Nachman	Majesta Minerals Inc. (not currently listed on a stock exchange)	August 2018 to Present
Douglas Maine	Albemarle Corp. (NYSE: ALB)	2015 to Present
	Northrop Grumman Innovation Systems, Inc. (formerly, Orbital- ATK, Inc.) (NYSE: OA)	2006 to Present

ITEM 3 - Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new directors are provided with access to publicly filed documents of the Corporation, internal financial information and reports to ensure that they are familiar with the Corporation's business and the procedures of the Board. In addition, directors are encouraged to meet with management on a regular basis.

ITEM 4 - Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board of Directors the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

ITEM 5 - Nomination of Directors

The Board is responsible for identifying individuals believed to be qualified to become board members. In identifying candidates, the Board shall consider the following factors: judgment, skill, integrity, independence, diversity, experience with business and organizations of comparable size, the interplay of a candidate's experience with the experience of other Boards' members, willingness to commit the necessary time and energy to serve as director, and a genuine interest in the Corporation's business, and the extent to which a candidate would be a desirable addition to the Board or any committees of the Board.

ITEM 6 - Compensation

The Board determines compensation payable to officers and directors of the Corporation. The Board will review compensation paid for directors and CEOs of companies of similar business, size and stage of development and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation.

ITEM 7 - Other Board Committees

Currently, the only committee of the Board is the Audit Committee. The Audit Committee assists the Board in its oversight of: (i) the integrity of the financing reporting of the Corporation; (ii) the independence and performance of the Corporation's external auditors; and (iii) the Corporation's compliance with legal and regulatory requirements. The members of the Audit Committee are Messrs. Nachman (Chairman), Hariton and Polisuk, Messrs. Hariton and Polisuk being independent directors.

ITEM 8 - Assessments

The Board monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the Board and Committees.

SCHEDULE "D"

FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE

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1. The Audit Committee's Charter

See Exhibit "1" attached hereto.

2. Composition of the Audit Committee

The current members of the Audit Committee (the "**Committee**") are Gabriel Nachman, Nicholas Hariton and Barry Polisuk, all being financially literate. Messrs. Hariton and Polisuk are independent members of the Committee.

"**Independent**" and "**financially literate**" have the meaning used in *Multilateral Instrument 52-110* ("**MI 52-110**") of the Canadian Securities Administrators.

3. Relevant Education and Experience

Name	Independent of the Corporation	Financially Literate	Relevant Education and Experience
Gabriel Nachman	No	Yes	Gabriel (Gabe) Nachman FCPA, FCA, ICD.D is a Fellow of the Institute of Chartered Accountants of Ontario and was awarded the ICD.D designation by the Institute of Corporate Directors in 2008. He practiced as a Chartered Accountant (CA) with PricewaterhouseCoopers and its legacy firm, Coopers & Lybrand as a partner for 29 years until his retirement in 2008. His area of practice was in the audit assurance and consulting fields, dealing with private and publicly traded companies primarily in the retail, franchise, wholesale distribution, real estate and entertainment and media industries. Gabe had partner responsibility for large publicly traded investment holding companies listed on Canadian and US stock exchanges. He acted for his clients on numerous public debt and equity offerings in Canada and the United States. Gabe is formerly a member of the board of directors of Danbel and Portage (Ontario) Program For Drug Dependencies and current director of Majesta Minerals Inc.

Name	Independent of the Corporation	Financially Literate	Relevant Education and Experience
Nicholas Hariton	Yes	Yes	***Nicholas Hariton****:* Since graduating from the University of Southern California, Gould School of Law, Nicholas Hariton has held positions as a director at a private London based finance company, attorney at O'Melveny & Myers LLP, and Managing Director and General Counsel of IPP Trial Consulting, LLC ("**IP**P"). Mr. Hariton served as the U.S. attorney for the Corporation early in the Corporation's history. Currently, Mr. Hariton, in addition to his role at IPP, is a founding member of LH Technology Acquisitions, and personally holds three United States Patents, with two additional allowed patent applications.
Barry Polisuk	Yes	Yes	***Barry Polisuk:*** Mr. Polisuk, a graduate of McGill University and University of Ottawa Law Schools, having obtained an LL.B. cum laude and a Quebec Civil Law Degree. Mr. Polisuk was called to the bar in 1988. He has been with Garfinkle, Biderman LLP since 1995 and became a partner in 1997. Mr. Polisuk is a corporate and commercial lawyer, focused on financings, corporate and commercial work, including securities. He has served on the boards of several publicly traded companies including, Richards Oil & Gas Limited, Arehada Mining Limited (formerly Dragon Capital Corporation) and iSign Media Solutions Inc. (formerly Corbal Capital Corp.). He has served as the Corporate Secretary of Mooncor Oil & Gas Corp. and of Solid Gold Resources Corp. and President of Danbel. Mr. Polisuk is currently a director and Corporate Secretary of Nurcapital Corporation Ltd. and a director and Chairman of Canntab Therapeutics Ltd.

4. Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

5. Reliance on Certain Exemptions

Since the effective date of MI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre- approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed five percent (5%) of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

6. Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of MI 52-110, the engagement of non-audit services is considered by the Board of Directors, and where applicable by the Audit Committee, on a case by case basis.

7. External Auditor Service Fees (By Category)

The aggregate fees charged to the Corporation by the external auditor (Collins Barrow Toronto LLP) for the years ended August 31, 2016 and August 31, 2017 are as follows:

		FYE 2016		FYE 2017
AUDIT FEES FOR THE YEAR ENDED	$	6,500	$	10,400
AUDIT RELATED FEES	$	110	$	260
OTHER FEES	$	195		Nil
TOTAL FEES	$	6,805	$	10,660

The term "***Audit Fees***" means the aggregate fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year.

The term "***Audit-Related Fees***" means the aggregate fees billed for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements for the subject year and are not reported under "Audit Fees".

The term "***Tax Fees***" means the aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning for the subject year.

The term "***All Other Fees***" means the aggregate fees billed for products and services provided by the Corporation's external auditor for the subject year, other than the services reported under the categories of "Audit-Related Fees", "Tax Fees" and "All Other Fees".

8. Exemption

The Corporation is relying on the exemption provided by section 6.1 of MI 52-110 which provides that the Corporation, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.

EXHIBIT "1" TO SCHEDULE "D"

APPLIED INVENTIONS MANAGEMENT CORP.
(the "Corporation")

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. Purpose

The Audit Committee is a committee of the board of directors (the "**Board**") of the Corporation. The function of the Audit Committee is to assist the Board in fulfilling its responsibilities to the shareholders of the Corporation, the securities regulatory authorities and stock exchanges, the investment community and others by:

(a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis ("**MD&A**") and, where applicable, other financial information disclosed by the Corporation to any governmental body or the public, prior to its approval by the Board;

(b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Corporation's external auditor;

(c) recommending the appointment and compensation of the Corporation's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;

(d) directly overseeing the work of the external auditor on the audit of annual financial statements; and

(e) monitoring the Corporation's financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("**GAAP**"), to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

II. Composition

1. The Audit Committee shall have a minimum of three (3) members.

2. Every Audit Committee member must be a director of the Corporation. The Audit Committee shall be comprised of such directors as are determined by the Board, each of whom shall be independent within the meaning of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the *Business Corporations Act* (Ontario) (the "**OBCA**") the majority of the Audit Committee members must not be officers, nor employees of the Corporation or any of its affiliates.

3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of NI 52-110 (or exempt therefrom). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

4. The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.

5. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

6. The Secretary of the Audit Committee will be appointed by the Chair.

7. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the directors on the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

III. Duties and Responsibilities

1. The Audit Committee shall review and recommend to the Board for approval:

   (a) the Corporation's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;

   (b) press releases of the Corporation that contain financial information;

   (c) other financial information provided to any governmental body, stock exchange or the public as they see fit;

   (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form - when applicable) prior to their release; and

   (e) any other matter not mentioned herein but otherwise required pursuant to applicable laws, including, without limitation, NI 52-110 and the OBCA.

2. The Audit Committee, in fulfilling its mandate, will:

   (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;

   (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);

   (c) ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;

   (d) recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;

   (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;

   (f) review the annual audit plans of the internal and external auditors of the Corporation;

(g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;

(h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;

(i) periodically consult with the external auditor out of the presence of management about significant risks or exposure, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;

(j) arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;

(k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;

(l) review with management and the external auditor the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;

(m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;

(n) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;

(o) review the expenses of the Chairman and President of the Corporation annually;

(p) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters; and

(q) perform such other duties as required by the Corporation's incorporating statute and applicable securities legislation and policies, including, without limitation, NI 52-110 and the OBCA.

3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Corporation's internal and external counsel and advisors.

IV. Meeting Procedures

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four (4) times per year. The Audit Committee should meet within forty-five (45) days (sixty (60) days in the event the Corporation is a "venture issuer" (as such term is defined in NI 51-102) following the end of the first three (3) financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days (one hundred and twenty (120) days in the event the Corporation is a "venture issuer") following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.

2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.

3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.

4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Corporation's interim financial statements.

5. Meetings of the Audit Committee may be conducted with members in attendance in person, by telephone or by video conference facilities.

6. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.

7. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.

8. The Audit Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the Corporation.

APPLIED INVENTIONS MANAGEMENT CORP.
AMENDMENT TO MANAGEMENT INFORMATION CIRCULAR

This is an amendment to the management information circular of Applied Inventions Management Corp. (the "Information Circular") for the Annual General and Special Meeting of Shareholders to be held on November 6, 2018. Except as otherwise expressly provided herein, this amendment amends the Information Circular and, other than as expressly amended herein, there are no changes to the Information Circular. To the extent of any inconsistency between the information contained in this amendment and in the Information Circular, this amendment shall govern.

The Notice of Annual General and Special Meeting of Shareholders is hereby amended by deleting item (8) in its entirety and replacing it with the following:

"(8) immediately prior to the completion of the Business Combination, to fix the number of directors at seven (7) (the "**Board Resolution**");"

The following sections replace the corresponding sections with the same title on pages 22- 25 of the Information Circular included in the "Matters to be Acted Upon at the Meeting" section of the Information Circular.

(8) FIXING THE NUMBER OF POST-BUSINESS COMBINATION DIRECTORS

At the Meeting, the Shareholders will be asked to approve the fixing of the size of the Board of the Corporation at seven (7) directors effective immediately prior to completion of the Business Combination (the "**Board Resolution**"). The term of office for each director shall continue to hold office until the next annual meeting of the Shareholders or until the election of a successor, unless a director resigns or a director's office becomes vacant by other cause.

It is the intention of the management designees, if named as proxy, to vote "FOR" the Board Resolution unless otherwise directed.

The Board may, in its sole discretion, decide not to act on the Board Resolution.

(9) ELECTION OF POST-BUSINESS COMBINATION DIRECTORS

At the Meeting, the Shareholder will be asked to approve the election of the directors of the Corporation effective upon completion of the Business Combination. The following table sets forth the names of six (6) of the seven (7) persons proposed to be nominated for election as a director, conditional on and effective upon completion of the Business Combination (the "**Board Nominees**"), with the seventh (7th) nominee to be identified by Acreage prior to completion of the Business Combination and appointed to the Board by the Board Nominees, each nominee's municipality of residence, principal occupation at the present and during the preceding five (5) years, and the number and class of shares of the Corporation that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the date hereof:

Name and Municipality of Residence	Director of the Corporation Since	Principal Occupation over Last Five (5) Years	Voting Securities of the Corporation Beneficially Owned Directly or Indirectly[1]
John Boehner[3] *Marco Island, Florida*	N/A	Former Speaker of the U.S. House of Representatives	Nil
Larissa Herda[2] *Castle Rock, Colorado*	N/A	Independent Consultant	Nil
Douglas Maine[2] *Bedford Corners, New York*	N/A	Independent Consultant	Nil
Kevin P. Murphy[2][3] *New York, New York*	N/A	Chief Executive Officer, Acreage	Nil
William F. Weld[3] *Canton, Massachusetts*	N/A	Former Governor of Massachusetts	Nil
William C. Van Faasen *Boston, Massachusetts*	N/A	Chair Emeritus of Blue Cross Shield of Massachusetts; Chair of the Board of Directors of Blue Cross Shield of Massachusetts	Nil

Notes:

(1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective Board Nominees individually.
(2) Proposed member of the Corporation's Audit Committee following completion of the Business Combination.
(3) Proposed member of the proposed compensation and corporate governance committee following completion of the Business Combination (the "**Compensation and Corporate Governance Committee**").

Management of the Corporation does not contemplate that any of the Board Nominees will be unable to serve as a director upon the completion of the Business Combination. It is a condition precedent to the completion of the Business Combination that the Shareholders approve the election of the Board Nominees (the "**Director Election Resolution**") conditional and effective upon the completion of the Business Combination. If the Director Election Resolution does not receive the requisite approval, the Business Combination will not proceed, unless such condition precedent is waived by Acreage.

Description of Each Board Nominee's Activities

John A. Boehner*:* John A. Boehner is a former Speaker of the U.S. House of Representatives. Mr. Boehner served in the U.S. House of Representatives from 1991 to October 2015 and served as Speaker of the U.S. House of Representatives from January 2011 to October 2015. Prior to entering public service, Speaker Boehner spent years running a small business representing manufacturers in the packaging and plastics industry. He championed a number of major reform projects as a Member of Congress. During his nearly five years as Speaker, Mr. Boehner developed a reputation for bringing Republicans and Democrats together in support of major policy initiatives.

Larissa Herda: Larissa L. Herda served as the Chairman of TW Telecom Inc. (formerly, Time Warner Telecom Inc.) from June 2001 to November 2014 and as its Chief Executive Officer from June 1998 to November 2014. Prior to her appointment as Chief Executive Officer, Ms. Herda served as Senior Vice President of Sales and Marketing at TW Telecom Inc. from March 1997. Ms. Herda served as a member of the President's National Security Telecommunications Advisory Committee, and chair of the Federal Communications Commission's Communications, Security, Reliability and Interoperability Council. Ms. Herda was also Chairman of the Denver Branch of the Federal Reserve of Kansas City and served as a member of the Colorado Innovation Network advisory board, appointed by Colorado Gov. John Hickenlooper, and as a Member of the Advisory Board at University of Colorado Leeds School of Business. Ms. Herda is a graduate of the University of Colorado.

***Douglas Maine*:** Douglas L. Maine joined International Business Machines Corporation ("**IBM**") in 1998 as Chief Financial Officer following a 20-year career with MCI (now part of Verizon) where he was Chief Financial Officer from 1992-1998. He was named General Manager of ibm.com in 2000 and General Manager, Consumer Products Industry in 2003 and retired from IBM in 2005. Mr. Maine currently serves as a director of Albemarle Corporation and previously served as a director of the following public companies: Orbital-ATK, Inc. from 2006-2017, BroadSoft, Inc. from 2006- 2017 and Rockwood Holdings, Inc. from 2005-2015.

Kevin P. Murphy: Kevin P. Murphy is currently a Managing Member of High Street Capital Partners Management, the Managing Member of Acreage Holdings, and Chief Executive Officer of Acreage Holdings. Prior to his role at Acreage Holdings, Mr. Murphy was most recently a Founding Member and Managing Partner of Tandem Global Partners, a boutique investment firm focused on the emerging markets. Previously Mr. Murphy was Managing Partner at Stanfield Capital Partners, where he served as a member of the Operating and Management team that oversaw all aspects of Stanfield's business, including risk management, sales and distribution, client services, legal, compliance and operations. Mr. Murphy also previously worked at Gleacher NatWest (Partner and Dir. of Marketing), Schroders (Sr. VP of Sales), Lazard Freres (VP) and Cantor Fitzgerald (VP). Mr. Murphy graduated with a B.A. from Holy Cross College.

William F. Weld: William F. Weld served as Governor of Massachusetts from January 1991 to July 1997. Mr. Weld was the Vice Presidential nominee for the Libertarian Party during the 2016 U.S. Presidential campaign. Prior to serving as governor of Massachusetts, Mr. Weld served as the U.S. Attorney for Massachusetts from 1981 until 1986, when he was appointed by President Reagan to lead the Criminal Division of the Department of Justice in Washington, D.C., where he served until 1988. Prior to his service as a U.S. Attorney, Mr. Weld served as a staff member of the U.S. House of Representatives (during which time he participated in the Nixon impeachment proceedings) and the U.S. Senate. Governor Weld is a member of the Council on Foreign Relations in New York and served by appointment of the President on the U.S. Holocaust Memorial Council. He serves as an associate member of the InterAction Council, a working society of former heads of state from throughout the world, which reports on issues of global concern such as energy, food, water, nuclear proliferation, and religious sectarianism.

***William C. Van Faasen**:* William C. Van Faasen served as Chairman of Blue Cross Blue Shield of Massachusetts from 2002 to 2007, interim President and Chief Executive Officer from March 2010 to September 2010 and Chair of the Board of Directors from September 2010 to March 2014 when he was named, and currently serves as, Chair Emeritus. Mr. Van Faasen joined Blue Cross in 1990 as Executive Vice President and Chief Operating Officer and served as President from 1992 to 2004 and Chief Executive Officer from 1992 to 2005. Mr. Van Faasen has served in operational, marketing, and health care capacities for over 20 years and has been engaged in numerous civic and community activities, including Chair of the Initiative for a New Economy, Chair of Greater Boston Chamber of Commerce and Chair of United Way Massachusetts Bay. Mr. Van Faasen currently serves as a board member of Eversource Energy and the lead director of Liberty Mutual Group. Previously, Mr. Van Faasen served on the boards of Boston Private Industry Council, the Boston Minuteman Council - Boy Scouts of America, the BCBSMA Foundation, BankBoston, Citizens Bank of Massachusetts, IMS Health, PolyMedica Corporation and Tier Technologies.

It is the intention of the management designees, if named as proxy, to vote "FOR" the Director Election Resolution unless otherwise directed. Management has no reason to believe that any of the Board Nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his, her or its shares are to be withheld from voting in respect of the Director Electron Resolution.

In the event that the Business Combination does not proceed, the Board may, in its sole discretion, decide not to act on the Director Election Resolution.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed Board Nominee is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company that:

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, while such person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

No proposed Board Nominee, within the ten years prior to the date of this Information Circular, has been a director or executive officer of any company that, while such person was acting in that capacity or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No proposed Board Nominee is or has, within the ten years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties

Except as described below, no proposed Board Nominee has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

On January 11, 2016, on the advice of counsel, Kevin P. Murphy entered into an agreement to settle a matter in connection with a routine Financial Industry Regulatory Authority ("**FINRA**") examination of a broker-dealer formerly owned, in part, by Mr. Murphy. FINRA alleged that Mr. Murphy failed to inform his broker in writing or receive pre-approval for a sale of a security that he owned. He agreed, without admitting or denying the findings without adjudication of any issue of law or fact, to a contingent fine payable only if he re-registered as a broker, and agreed to remain outside of the industry for 12 months, notwithstanding the fact that he had resigned his position with the broker dealer in January 2014.

Applied Inventions Management Corp.
(the "Corporation")

FORM OF PROXY ("PROXY")

Annual and Special Meeting
November 6, 2018 at 8:00 a.m. (Toronto time)
4100-66 Wellington Street West, PO Box 35, Toronto-Dominion Centre,
Toronto, ON, M5K 1B7
(the "Meeting")

RECORD DATE: October 5, 2018
CONTROL NUMBER: «CONTROL_NUMBER»
SEQUENCE #: «SEQUENCE_NUMBER» - «CUSIP» - «PartAcct_No»
FILING DEADLINE FOR PROXY: November 2, 2018 at 8:00 a.m. (Toronto time)

VOTING METHOD	
INTERNET	Go to www.voteproxyonline.com and enter the 12 digit control number above
FACSIMILE	416-595-9593
MAIL or HAND DELIVERY	TSX Trust Company 301 - 100 Adelaide Street West Toronto, Ontario, M5H 4H1

The undersigned hereby appoints **Michael B. Stein** whom failing **Gabriel Nachman** (the "Management Nominees"), or instead of any of them, the following Appointee

Please print appointee name

as proxyholder on behalf of the undersigned with the power of substitution to attend, act and vote for and on behalf of the undersigned in respect of all matters that may properly come before the Meeting and at any adjournment(s) or postponement(s) thereof, to the same extent and with the same power as if the undersigned were personally present at the said Meeting or such adjournment(s) or postponement(s) thereof in accordance with voting instructions, if any, provided below.

«MAIL_SEQUENCE»
«Name»
«Add1»
«Add2»
«Add3»
«City», «Province» «Postal_Code»
«Country»

«Shares»
«SEQUENCE_NUMBER»*

- SEE VOTING GUIDELINES ON REVERSE -

RESOLUTIONS – MANAGEMENT VOTING RECOMMENDATIONS ARE INDICATED BY HIGHLIGHTED TEXT ABOVE THE BOXES

1. Appointment of Auditors — FOR ☐ WITHHOLD ☐

To appoint **RSM Canada LLP** as auditor of the Corporation until completion of the proposed reverse take-over of the Corporation by High Street Capital Partners LLC d/b/a Acreage Holdings ("**Acreage**"), whereby the Corporation will become the indirect parent of Acreage (the "**Business Combination**") and authorize the board of directors of the Corporation (the "**Board**") to fix the auditor's remuneration the Directors to fix their remuneration.

2. Fix the Number of Directors — FOR ☐ AGAINST ☐

To fix the number of directors of the Corporation until completion of the Business Combination at four (4) for the ensuing year.

3. Election of Directors — FOR ☐ WITHHOLD ☐

To elect the directors of the Corporation that will hold office until the next general meeting of the Corporation or completion of the Business Combination:

		FOR	WITHHOLD
a)	Michael Stein	☐	☐
b)	Nicholas Harlton	☐	☐
c)	Gabriel Nachman	☐	☐
d)	Barry Polisuk	☐	☐

4. Continuance, Subdivision and Consolidation — FOR ☐ AGAINST ☐

To pass a special resolution (the "**Continuance Resolution**"), the full text of which is set forth in the accompanying management information circular of the Corporation dated October 5, 2018 (the "**Information Circular**"), approving: (i) the application by the Corporation to the Ontario Ministry of Government and Consumer Services for authorization for the Corporation to continue from the Province of Ontario into the Province of British Columbia (the "**Continuance**") prior to the completion of the Business Combination; and (ii) the filing with the Registrar of Companies under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") of a continuation application for the Continuance (the "**Continuance Application**"). The Continuance Resolution, if passed, will also approve: (i) the adoption by the Corporation upon Continuance of articles under the BCBCA in the form attached as Schedule "A" (the "**Articles**") to the Information Circular; (ii) the inclusion with the Continuance Application of a notice of articles under the BCBCA reflecting the information that will apply to the Corporation upon Continuance (the "**Notice of Articles**"); and (iii) concurrently with and conditionally upon the Continuance, the amendment, by the Articles and Notice of Articles, of the Corporation's current Articles of Incorporation and bylaws under the *Ontario Business Corporations Act* (Ontario), to make all changes necessary to conform to the BCBCA, and to:

***CONTINUED* – Continuance, Subdivision and Consolidation**

a) effect the Subdivision (as such term is defined in the Information Circular);
b) effect the Consolidation (as such term is defined in the Information Circular);
c) amend the terms of the Subordinate Voting Shares (as such term is defined in the Information Circular) such that they will have the special rights and restrictions described under "Summary Share Terms" of the Information Circular (the "**New Subordinate Voting Shares**");
d) create a new class of Multiple Voting Shares (as such term is defined in the Information Circular) having the special rights and restrictions described under "Summary Share Terms" of the Information Circular;
e) create a new class of Proportionate Voting Shares (as such term is defined in the Information Circular) having the special rights and restrictions described under "Summary Share Terms" of the Information Circular;
f) amend the terms of the existing Class B Multiple Voting Shares resulting from the Subdivision and the Consolidation such that they will have the same special rights and restrictions as the New Subordinate Voting Shares, and be redesignated as New Subordinate Voting Shares; and

5. Appointment of Post-Business Combination Auditors — FOR ☐ WITHHOLD ☐

Conditional on and effective upon completion of the Business Combination, appoint **MNP LLP** or another auditor designated by Acreage as auditor for the Corporation and authorize the Board of Directors to fix the auditor's remuneration.

6. Change of Financial Year End Resolution in Connection with the Business Combination — FOR ☐ AGAINST ☐

Prior to the completion of the Business Combination, change the financial year end of the Corporation to December 31st.

7. Fixing the Number of Directors in Connection with the Business Combination — FOR ☐ AGAINST ☐

Immediately prior to the completion of the Business Combination, to fix the number of directors at seven (7).

9. Election of Directors Upon Completion of Business Combination — FOR ☐ WITHHOLD ☐

		FOR	WITHHOLD
a)	John Boehner	☐	☐
b)	Larissa Herda	☐	☐
c)	Douglas Maine	☐	☐
e)	Kevin P. Murphy	☐	☐
f)	William F. Weld	☐	☐
g)	William C. Van Faasen	☐	☐

VOTING RESOLUTIONS CONTINUE ONTO NEXT PAGE

This proxy revokes and supersedes all earlier dated proxies and **MUST BE SIGNED**

PLEASE PRINT NAME

Signature of registered owner(s) *Date (MM/DD/YYYY)*

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TMX | TSX Trust

Voting Resolutions Continued –

9. Name Change In Connection with the Business Combination	FOR	AGAINST
To change in the name of the Corporation to "Acreage Holdings, Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine, to take effect upon the Continuance.	☐	☐
10. Post-Business Combination Equity Incentive Plan	**FOR**	**AGAINST**
Conditional on and effective upon completion of the Business Combination, to approve a new long-term equity based incentive plan of the Corporation.	☐	☐

Proxy Voting – Guidelines and Conditions

1. **THIS PROXY IS SOLICITED BY MANAGEMENT OF THE CORPORATION.**
2. **THIS PROXY SHOULD BE READ IN CONJUNCTION WITH THE MEETING MATERIALS PRIOR TO VOTING.**
3. **If you appoint the Management Nominees to vote your securities, they will vote in accordance with your instructions or, if no instructions are given, in accordance with the Management Voting Recommendations highlighted for each Resolution on the reverse. If you appoint someone else to vote your securities, they will also vote in accordance with your instructions or, if no instructions are given, as they in their discretion choose.**
4. This proxy confers discretionary authority on the person named to vote in his or her discretion with respect to amendments or variations to the matters identified in the Notice of the Meeting accompanying the proxy or such other matters which may properly come before the Meeting or any adjournment or postponement thereof.
5. **Each security holder has the right to appoint a person other than the Management Nominees specified herein to represent them at the Meeting or any adjournment or postponement thereof.** Such right may be exercised by inserting in the space labeled "*Please print appointee name*", the name of the person to be appointed, who need not be a security holder of the Corporation.
6. To be valid, this proxy must be signed. Please date the proxy. If the proxy is not dated, it is deemed to bear the date of its mailing to the security holders of the Corporation.
7. To be valid, this proxy must be filed using one of the ***Voting Methods*** and *must be received by TSX Trust Company* before the ***Filing Deadline for Proxies***, noted on the reverse or in the case of any adjournment or postponement of the Meeting not less than 48 hours (Saturdays, Sundays and holidays excepted) before the time of the adjourned or postponed meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.
8. If the security holder is a corporation, the proxy must be executed by an officer or attorney thereof duly authorized, and the security holder may be required to provide documentation evidencing the signatory's power to sign the proxy.
9. Guidelines for proper execution of the proxy are available at www.stac.ca. Please refer to the Proxy Protocol.

Investor inSite

TSX Trust Company offers at no cost to security holders, the convenience of secure 24-hour access to all data relating to their account including summary of holdings, transaction history, and links to valuable security holder forms and Frequently Asked Questions.

To register, please visit
www.tsxtrust.com/investorinsite

Click on, "*Register Online Now*" and complete the registration form. Call us toll free at 1-866-600-5869 with any questions.

Request for Financial Statements

In accordance with securities regulations, security holders may elect to receive Annual Financial Statements, Interim Financial Statements and MD&As.

Instead of receiving the financial statements by mail, you may choose to view these documents on SEDAR at www.sedar.com.

I am currently a security holder of the Corporation and as such request the following:

☐ **Annual Financial Statements with MD&A**

☐ **Interim Financial Statements with MD&A**

If you are casting your vote online and wish to receive financial statements, please complete the online request for financial statements following your voting instructions.

If the cut-off time has passed, please fax this side to 416-595-9593

«Name»
«Add1»
«Add2»
«Add3»
«City», «Province» «Postal_Code»
«Country»

Applied Inventions Management Corp.
2018

DRAFT

Applied Inventions Management Corp. Announces Settlement of Debt and Termination of Warrants

Toronto, Ontario - (Newsfile Corp. - October 16, 2018) - Applied Inventions Management Corp. (the "**Company**") is pleased to announce that effective October 15, 2018, Michael Stein, a director and President of the Company converted $115,000 (the "**Conversion**") of a secured subordinated voting debenture (the "**Subordinated Voting Debenture**"), and as a result Mr. Stein acquired direct ownership of 2,300,000 units (the "**Units**") of the Company.

On April 27, 2016, the Company issued the Subordinated Voting Debenture to Mr. Stein in the amount of $343,154, bearing interest at the rate of ten percent (10%) per annum. Accrued interest at ten percent (10%) per annum from April 27, 2016 to October 15, 2018 is $87,332 for a total amount owing of $430,486. All or any portion of the outstanding principal amount of indebtedness or any outstanding interest payments under the Subordinate Voting Debenture is convertible at the option of the holder into Units at a conversion price of $0.05 per Unit. Each Unit consists of one (1) Class A subordinate voting share (each a "**Subordinate Voting Share**") and one (1) share purchase warrant (each a "**Warrant**"). Each Warrant is exercisable into one (1) Subordinate Voting Share at a price of $0.06 per share for two years from the date of issuance.

Following the Conversion, Mr. Stein agreed to forgive the balance of $315,486 remaining under the Subordinated Voting Debenture pursuant to a settlement and release agreement and terminate the 2,300,000 Warrants received as a result of the Conversion pursuant to a termination and release agreement (collectively, the "**Agreements**").

Mr. Stein, through WFE Investments Corp. ("**WFE**"), a company controlled and directed by Mr. Stein, also exercised an aggregate 2,300,000 Warrants of the Company at an exercise price of $0.06 to acquire control over 2,300,000 Subordinate Voting Shares of the Company (the "**Exercise**"). Prior to the Exercise, Mr. Stein held an aggregate 6,700,260 Warrants in the Company, and agreed to terminate the remaining balance of 4,400,260 Warrants following the Exercise pursuant to a termination agreement.

The participation of a related party of the Company in the Agreements constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Shareholders in Special Transactions ("**MI 61-101**"). Michael Stein, the President and a director of the Company, is a party to the Subordinate Voting Debenture, Warrants and Agreements. The Company is exempt from the requirements to obtain a formal valuation and minority shareholder approval in connection with the Agreements on the basis that the Company's independent directors in respect of the Agreements, acting in good faith, have all determined that (i) the Company is in serious financial difficulty, (ii) the Agreements are designed to improve the financial position of the Company, and (iii) the terms of the Agreements are reasonable in the circumstances of the Company. Mr. Stein declared a conflict and recused himself from considering and voting on the Agreements. The Agreements were considered by the directors of the Company who were independent and they voted unanimously to approve the Agreements.

For more information, please contact:

Michael Stein, President
Applied Inventions Management Corp.
1 Adelaide Street East, Suite 801
Toronto, Ontario M5C 2V9
Tel.: (416) 410-7722

VIA ELECTRONIC TRANSMISSION

October 16, 2018

TO ALL APPLICABLE EXCHANGES AND COMMISSIONS:

RE: APPLIED INVENTIONS MANAGEMENT CORP

We are pleased to confirm that copies of the following proxy-related materials were mailed on October 15, 2018 to the registered shareholders and the Non-Objecting Beneficial Owners ("NOBO") and on October 16, 2018 to the Auditors and Directors :

1 Proxy with Request for Financial Statements - Registered Shareholders, Auditors and Directors

2 Voting Instruction Form with Request for Financial Statements - NOBOs

3 Notice of Meeting and Management Information Circular

4 Financial Statements and Management's Discussion and Analysis

5 Amendment to Management Information Circular

6 Proxy Return Envelope - Registered Shareholders and NOBOs

Yours truly,
TSX Trust Company

'Rosa Vieira"
Senior Relationship Manager
Rosa.Vieira@tmx.com

Exhibit 99.36

Number: C1186156

CERTIFICATE
OF
CONTINUATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that APPLIED INVENTIONS MANAGEMENT CORP., has continued into British Columbia from the Jurisdiction of ONTARIO, under the Business Corporations Act, with the name ACREAGE HOLDINGS, INC. on November 9, 2018 at 12:15 PM Pacific Time.

ELECTRONIC CERTIFICATE

Issued under my hand at Victoria, British Columbia
On November 9, 2018

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: November 9, 2018 12:15 PM Pacific Time

Incorporation Number: **C1186156**

Recognition Date and Time: *Continued into British Columbia on November 9, 2018 12:15 PM Pacific Time*

NOTICE OF ARTICLES

Name of Company:

ACREAGE HOLDINGS, INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
2800 PARK PLACE
666 BURRARD STREET
VANCOUVER BC V6C 2Z7
CANADA

Delivery Address:
2800 PARK PLACE
666 BURRARD STREET
VANCOUVER BC V6C 2Z7
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
2800 PARK PLACE
666 BURRARD STREET
VANCOUVER BC V6C 2Z7
CANADA

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AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Multiple voting Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	Proportionate voting Shares	Without Par Value With Special Rights or Restrictions attached

3.	No Maximum	Subordinate voting Shares	Without Par Value With Special Rights or Restrictions attached

THIS NEWS RELEASE IS INTENDED FOR DISTRIBUTION IN CANADA ONLY AND IS NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Applied Inventions Management Corp. Announces Completion of its Continuance to British Columbia and Name Change and Completion of Subscription Receipt Financing

TORONTO AND NEW YORK CITY - November 13, 2018 - Acreage Holdings, Inc. (the "**Company**"), formerly Applied Inventions Management Corp., and High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("**Acreage**") are pleased to announce that, further to their September 21, 2018 announcement regarding the business combination pursuant to which, among other things, Acreage will complete a reverse take-over of the Company (the "**Proposed Transaction**"), (i) the Company has continued from Ontario to British Columbia (the "**Continuance**") and completed certain corporate steps in connection with the Continuance, including changing the Company's name to "Acreage Holdings, Inc." in further of the Proposed Transaction, and (ii) Acreage Finco B.C. Ltd. ("**Finco**"), a special purpose vehicle, completed a private placement financing of subscription receipts (the "**Subscription Receipts**") for gross proceeds of US$314,153,600 (the "**Offering**").

Completion of the Offering

On November 13, 2018, Finco completed the Offering pursuant to which Finco issued 12,566,144 Subscription Receipts at a price of US$25.00 per Subscription Receipt for gross proceeds of US$314,153,600. The Offering was comprised of a brokered offering of 8,388,000 Subscription Receipts (the "**Brokered Offering**") for gross proceeds of US$209,700,000, which was led by Canaccord Genuity Corp. (the "**Lead Agent**"), as lead agent and sole bookrunner, and included Beacon Securities Limited, Cormark Securities Inc., Eight Capital and Haywood Securities Inc. (collectively, the "**Agents**"), and a non-brokered offering of 4,178,144 Subscription Receipts (the "**Non-Brokered Offering**") for gross proceeds of US$104,453,600.

The Subscription Receipts will convert into common shares of Finco upon satisfaction of the escrow release conditions (the "**Escrow Release Conditions**") set out in the agency agreement entered into among the Agents, Finco, Acreage and the Company on the date hereof. The net proceeds raised in connection with the Offering, after fees and expenses incurred, and less 50% of the agents' commission, have been deposited with Odyssey Trust Company ("**Odyssey**"), as subscription receipt agent and escrow agent. The escrowed proceeds will be held by Odyssey until the Escrow Release Conditions have been satisfied.

It is anticipated that the Escrow Release Conditions will be satisfied and the Proposed Transaction will be completed on or about November 14, 2018.

Completion of the Continuance, Name Change and Related Corporate Matters

In accordance with the resolution of the Company's shareholders obtained at a shareholder meeting held on November 6, 2018, the Company completed the Continuance and, in connection with the Continuance the Company (i) changed its name to "Acreage Holdings, Inc.", (ii) subdivided its class B multiple voting shares on the basis of 1.5 post-subdivision class B multiple voting share for each one class B multiple voting share (the "**Subdivision**"), (iii) consolidated its Class A subordinate voting shares and its post- Subdivision Class B multiple voting shares on the basis of one post-consolidation Class A subordinate voting share for each 350 Class A subordinate voting shares, and one post-consolidation Class B multiple voting share for each 350 post-Subdivision Class B multiple voting shares (the "**Consolidation**"); (iv) created new classes of shares designated as Class B proportionate voting shares and Class C multiple voting shares, each having the special rights and restrictions set forth in the Articles of the Company, (iv) amended the terms of the post-Consolidation Class A subordinate voting shares of the Company and the post-Consolidation, post-Subdivision Class B multiple voting shares of the Corporation such that they will become the Class A subordinate voting shares of the Company and will have the rights and restrictions set forth in the Company's Articles.

Additional details regarding the foregoing will be provided in the Company's listing statement to be filed with the Canadian Securities Exchange ("**CSE**") on or about November 14, 2018.

The Continuance, the Company reorganization and the related matters set forth above were completed as the first step in the Proposed Transaction and, it is currently anticipated, that the remaining steps of the Proposed Transaction will be completed on or about November 14, 2018.

About Acreage

Headquartered in New York City, Acreage is a vertically integrated, multi-state owner of cannabis licenses and assets in U.S. states where either medical and/or adult use of cannabis is legal. With one of the largest geographic footprints of any cannabis company, it currently owns and/or operates cultivation, processing and dispensary operations. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

The CSE (operated by CNSX Markets Inc.) has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved of the contents of this press release.

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal.

*The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"**) or any state securities laws and accordingly may not be offered or sold within the United States or to "U.S. persons", as such term is defined in Regulation S promulgated under the U.S. Securities Act (**"U.S. Persons"**), except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the Company's securities to, or for the account or benefit of, persons in the United States or U.S. Persons.*

Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward- looking information. Generally, forward-looking information may be identified by the use of forward- looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects the current beliefs of the Company and Acreage and is based on information currently available to the Company and Acreage and on assumptions that the Company and Acreage each believes are reasonable. These assumptions include, but are not limited to: timing for filing the listing statement, completion of the Proposed Transaction and the satisfaction of the Escrow Release Conditions. Forward- looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Acreage and/or the Company to be materially different from those expressed or implied by such forward-looking information.

Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting Acreage or the Company; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour or loss of key individuals. Although the Company and Acreage have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of the Company and Acreage as of the date of this news release and, accordingly, is subject to change after such date. However, the Company and Acreage each expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

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Acreage Holdings, Inc. Announces Completion of Business Combination

TORONTO AND NEW YORK CITY - November 14, 2018 - Acreage Holdings, Inc., (the "**Company**" or "**Acreage**"), formerly Applied Inventions Management Corp., is pleased to announce that, further to its November 13, 2018 press release, its business combination with High Street Capital Partners, LLC (d/b/a Acreage Holdings) (the "**Business Combination**") has been completed. In connection with the Business Combination, among other things, the 12,566,144 subscription receipts (the "**Subscription Receipts**") issued by Acreage Finco B.C. Ltd. in contemplation of the Business Combination (the "**Offering**") were ultimately exchanged for 12,566,144 Class A subordinate voting shares (the "**Subordinate Voting Shares**") of the Company.

Completion of the Business Combination and Escrow Release

The Business Combination was completed in the manner described in the Company's listing statement (the "**Listing Statement**") filed today with the Canadian Securities Exchange ("**CSE**") and available under the Company's profile on www.sedar.com.

As part of the Business Combination, the Company implemented a multiple class share structure such that the outstanding shares of the Company consist of (i) 21,443,042 Subordinate Voting Shares, (ii) 1,445,887 class B proportionate voting shares (the "**Proportionate Voting Shares**"), and (iii) 168,000 class C multiple voting shares (the "**Multiple Voting Shares**"). Each Subordinate Voting Share carries the right to one vote per share on all matters voted on by shareholders of the Company, each Proportionate Voting Share carries 40 votes per Proportionate Voting Share on all matters voted on by shareholders of the Company, and each Multiple Voting Share carries with it 3,000 votes per Multiple Voting Share on all matters voted on by the shareholders of the Company. All of the Multiple Voting Shares are held or controlled by Kevin Murphy, the Company's Chief Executive Officer.

In connection with the Business Combination, the Company's officers and directors were replaced such that, among other things, the officers of the Company are: Kevin Murphy, Chief Executive Officer, George Allen, President, Glen Leibowitz, Chief Financial Officer, Robert Daino, Chief Operating Officer, James A. Doherty, General Counsel & Secretary and Harris Damashek, Chief Marketing Officer. Driving the Company's operations, marketing and product innovation, through its subsidiaries, are former executives from General Electric, AB-InBev, and Diageo, as well as legendary cannabis cultivation and processing professionals Phillip Hague and Bill Fenger.

The Company's board of directors (the "**Board**") is something that distinguishes Acreage from its competitors in the cannabis industry, with unparalleled policy access in the U.S. and abroad, and extensive corporate governance expertise and experience. The Board consists of: John Boehner, former Speaker of the House of Representatives, Brian Mulroney, former Prime Minister of Canada, Bill Weld, former Massachusetts Governor, Larissa Herda, former Chairman and Chief Executive Officer of TW Telecom, Douglas Maine, former Chief Financial Officer of IBM, Bill Van Faasen, Chair Emeritus of Blue Cross and Blue Shield of Massachusetts, Inc., and Kevin Murphy, Chief Executive Officer of Acreage.

"It's been a journey many years in the making, and I could not be more thrilled for our investors and employees," said Kevin Murphy, Founder, Chairman, and Chief Executive Officer of Acreage. He continued, "One of the more passionate issues we are working hard to address is getting legal access to cannabis for more than 22 million veterans, who have been left behind, and will lose their veteran benefits if found to be using cannabis even in a legal state. It is for this reason, that we are even more honored to have our public trading debut during the week of Veteran's Day."

Certain proceeds from the Offering of the Subscription Receipts were placed into escrow (the "**Escrowed Proceeds**") upon completion of the Offering as disclosed in the Company's press release dated November 13, 2018. The Escrowed Proceeds were released from escrow and ultimately received by the Company and its subsidiaries in connection with the consummation of the Business Combination. In connection with the Business Combination, non-U.S. holders of High Street Capital Partners, LLC units will generally be subject to U.S. withholding tax under U.S. Internal Revenue Code Section 1446(f) upon the disposition of High Street Capital Partners, LLC units equal to 10% of the fair market value of shares received in the exchange, or approximately $22 million, based on the offering price of the Subscription Receipts. The Company will withhold 10% of the Subordinate Voting Shares delivered to non-U.S holders, or approximately 900,000 Subordinate Voting Shares, and the Company may cancel such Subordinate Voting Shares. In the case of the cancellation of such shares, the Company will pay the resulting tax withholding tax obligation out of the use of proceeds from the Offering. The Company reserves the right to facilitate the sale of such shares and, in such case, to remit the proceeds thereof in satisfaction of its withholding tax obligation.

The Company has received conditional approval from the CSE for the listing of its Subordinate Voting Shares, which are expected to commence trading on the CSE under the ticker symbol “ACRGU” at market open on November 15, 2018. Listing is subject to the Company satisfying all listing requirements of the CSE. The Proportionate Voting Shares and the Multiple Voting Shares will not be listed on the CSE and the conversion of such securities into Subordinate Voting Shares is governed by the Company’s Articles.

About the Company

Headquartered in New York City, Acreage is a vertically integrated, multi-state owner of cannabis licenses and assets in U.S. states where either medical and/or adult use of cannabis is legal. With one of the largest geographic footprints of any cannabis company, it currently owns and/or operates cultivation, processing and dispensary operations. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

The CSE (operated by CNSX Markets Inc.) has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved of the contents of this press release.

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal.

*The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"**) or any state securities laws and accordingly may not be offered or sold within the United States or to "U.S. persons", as such term is defined in Regulation S promulgated under the U.S. Securities Act (**"U.S. Persons"**), except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the Company’s securities to, or for the account or benefit of, persons in the United States or U.S. Persons.*

Forward Looking Statements

This news release contains “forward-looking information” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward- looking information. Generally, forward-looking information may be identified by the use of forward- looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved.

There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects the current beliefs of Acreage and is based on information currently available to Acreage and on assumptions that Acreage believes are reasonable. These assumptions include, but are not limited to, the anticipated trading date of the Subordinate Voting Shares. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Acreage to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting Acreage; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour or loss of key individuals and the other factors identified in Acreage's Listing Statement. Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Acreage as of the date of this news release and, accordingly, is subject to change after such date. However, Acreage expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

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ACREAGE HOLDINGS, INC.

CSE FORM 2A LISTING STATEMENT

November 14, 2018

Acreage Holdings, Inc. will derive a substantial portion of its consolidated revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Acreage Holdings, Inc. will be indirectly involved (through High Street Capital Partners, LLC) in the cannabis industry in the United States where local state laws permit such activities. Currently, High Street Capital Partners, LLC and its licensed subsidiaries are directly engaged in the manufacture, possession, use, sale or distribution of cannabis in the adult-use and medical cannabis marketplaces in various U.S. states.

The United States federal government regulates drugs through the *Controlled Substances Act* (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any indication.

In the United States, cannabis is largely regulated at the state level. State laws that permit and regulate the production, distribution and use of cannabis for adult-use or medical purposes are in direct conflict with the federal *Controlled Substances Act*, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law, including in jurisdictions in which the production, distribution and use of cannabis is permitted under state law. U.S. Attorney General Jeff Sessions resigned on November 7, 2018. As of his resignation, Matthew Whitaker is the acting U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the *Controlled Substances Act* with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, Acreage Holdings, Inc.'s business, results of operations, financial condition and prospects would be materially adversely affected.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published a staff notice (Staff Notice 51-352) setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

Please see the table of concordance under Trends, Commitments, Events or Uncertainties in Section 3.3 for further information on the material facts, risks and uncertainties related to U.S. issuers with cannabis-related activities.

See Section 17 of this Listing Statement - Risk Factors for additional information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Listing Statement contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("**forward-looking statements**"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Resulting Issuer (as defined herein). In addition, the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Resulting Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Resulting Issuer that address activities, events or developments that the Resulting Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the RTO (as defined herein); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Resulting Issuer after the date of this Listing Statement, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Resulting Issuer's business, operations and plans; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Resulting Issuer operates; expectations for other economic, business, regulatory and/or competitive factors related to the Resulting Issuer or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Resulting Issuer are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Resulting Issuer at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the available funds of the Resulting Issuer and the anticipated use of such funds; the availability of financing opportunities, legal and regulatory risks inherent in the cannabis industry, risks associated with economic conditions, dependence on management and currency risk; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third-party service providers; risks related to the enforceability of contracts; reliance on the expertise and judgment of senior management of the Resulting Issuer; risks related to proprietary intellectual property and potential infringement by third parties; the concentrated voting control of the Resulting Issuer's Founder and the unpredictability caused by the anticipated capital structure; risks relating to the management of growth; increased costs associated with the Resulting Issuer becoming a publicly traded company; increasing competition in the industry; risks inherent in an agricultural business; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; the limited market for securities of the Resulting Issuer; limited research and data relating to cannabis; as well as those risk factors discussed in Section 17 of this Listing Statement below and as described from time to time in documents filed by the Resulting Issuer with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Resulting Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences or effects.

Although Acreage Holdings (as defined herein) and Pubco (as defined herein) have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements are provided and made as of the date of this Listing Statement and none of the Resulting Issuer, Acreage Holdings or Pubco undertakes any obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation. See "*Risk Factors*".

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SCHEDULE “B” PUBCO’S MD&A FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

SCHEDULE “C” ACREAGE HOLDINGS’ AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “D” ACREAGE HOLDINGS’ MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “E” ACREAGE HOLDINGS’ INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “F” ACREAGE HOLDINGS’ MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “G” PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

SCHEDULE “H” D&B WELLNESS’ AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “I” D&B WELLNESS’ MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “J” D&B WELLNESS’ INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “K” D&B WELLNESS’ MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “L” PRIME WELLNESS OF CONNECTICUT’S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “M” PRIME WELLNESS OF CONNECTICUT’S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “N” PRIME WELLNESS OF CONNECTICUT’S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “O” PRIME WELLNESS OF CONNECTICUT’S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “P” THE WELLNESS & PAIN MANAGEMENT CONNECTION’S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “Q” THE WELLNESS & PAIN MANAGEMENT CONNECTION’S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “R” THE WELLNESS & PAIN MANAGEMENT CONNECTION’S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “S” THE WELLNESS & PAIN MANAGEMENT CONNECTION’S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “T” PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING’S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “U” PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING’S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

SCHEDULE “V” PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING’S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

SCHEDULE “W” PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING’S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

1. ABOUT THIS LISTING STATEMENT

1.1 Glossary of Terms

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Listing Statement. Terms and abbreviations used in the financial statements appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**1940 Act**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**22nd and Burn**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**A&R LLC Agreement**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Acreage Acquisitions**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Acreage Holdings**" refers to High Street Capital Partners, LLC;

"**Acreage Holdings Members**" means the members of Acreage Holdings;

"**Acreage Holdings Notes**" means the senior secured convertible notes of Acreage Holdings dated as of, on, or about, November 27, 2017;

"**Acreage Holdings Units**" means the Class A, Class B, Class C, Class C-1, Class D and Class E units in the capital of Acreage Holdings outstanding from time to time;

"**Acreage Holdings Warrants**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Acreage ND**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Acreage Support Agreement**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Affiliate**" means a corporation that is affiliated with another corporation as described below. A corporation is an "**Affiliate**" of another corporation if: (i) one of them is the subsidiary of the other; or (ii) each of them is controlled by the same Person. A corporation is "**controlled**" by a Person if: (i) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person; and (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation. A Person beneficially owns securities that are beneficially owned by: (i) a corporation controlled by that Person; or (ii) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person;

"**Agency Agreement**" means the agreement entered into by Acreage Holdings and a syndicate of agents led by the Lead Agent in connection with the Finco SR Financing;

"**Agents**" means a syndicate of agents led by the Lead Agent;

"**Allowable capital loss**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**Amalco**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Amalgamation**" means the amalgamation of Finco and MergerSub, in accordance with the terms of the Amalgamation Agreement;

"**Acquisition Entities**" means, collectively, each of Maryland Medicinal Research & Caring, LLC, Prime Consulting Group, LLC / Prime Wellness Centers, Inc., NYCANNA, LLC, South Shore BioPharma, LLC, HSRC NorCal, LLC/CWG Botanicals, Inc., NNC LLC d/b/a Nature's Care Company, LLC, In Grown Farms 2, LLC, GCCC Management, LLC and Nature's Way Nursery of Miami, Inc.;

"**as converted to Subordinate Voting Shares**" includes the conversion of the Proportionate Voting Shares and Multiple Voting Shares and the redemption or exchange, as applicable, on a 1:1 basis of the Acreage Holdings Units and Class B Non-Voting Common Shares of USCo2 into Subordinate Voting Shares;

"**Associate**" when used to indicate a relationship with a Person, means: (i) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer; (ii) any partner of the Person; (iii) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or (iv) in the case of a Person who is an individual: (a) that Person's spouse or child; or (b) any relative of the Person or of his spouse who has the same residence as that Person;

"**Audit Committee**" has the meaning ascribed thereto in Section 13.2 of this Listing Statement;

"**Awards**" has the meaning ascribed thereto in Section 9 of this Listing Statement;

"**Balance Interest**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Bank Secrecy Act**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Basis Adjustments**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended;

"**Board**" means the board of directors of Pubco, Acreage Holdings or the Resulting Issuer, as the context requires;

"**BTH**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**CA Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Canadian Holder**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**CAS**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**CBD**" means cannabidiol;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Certificate**" means a certificate of amalgamation issued by the Director pursuant to Division 3 of the BCBCA;

"**Closing**" means the closing of the RTO;

"**Class A Subordinate Voting Shares**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Class B Multiple Voting Shares**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Coattail Agreement**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time;

"**Common Units**" means Class A, Class B, Class C, Class D and Class E Acreage Holdings Units;

"**Compensation and Corporate Governance Committee**" has the meaning ascribed thereto in Section 13.2 of this Listing Statement;

"**Compensation Options**" has the meaning ascribed thereto in Section 4.1 of this Listing Statement;

"**Consolidation**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Continuance**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**CSA**" Controlled Substances Act, as amended from time to time;

"**CSE**" means the Canadian Securities Exchange;

"**CT Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**CTO**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**CWG**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**DEA**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Definitive Agreement**" means the agreement dated September 21, 2018 among Pubco, Acreage Holdings, Finco, MergerSub, USCo and USCo2 regarding the terms of the RTO;

"**Dixie**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Dixie Promissory Note**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**DLLCA**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**DOJ**" means the U.S. Department of Justice;

"**DPH**" has the meaning ascribed thereto in Section 4.2 of this Listing Statement;

"**East 11th**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**ERISA**" means the E*mployee Retirement Income Security Act of 1974*, as amended;

"**Escrow Agreement**" has the meaning ascribed thereto in Section 11 of this Listing Statement;

"**Escrow Agent**" means Odyssey Trust Company, in its capacity as escrow agent in connection with the Finco SR Financing;

"**Escrowed Funds**" means the funds from the sale of the Finco Subscription Receipts that were deposited in escrow until the Escrow Release Conditions were satisfied;

"**Escrow Release Conditions**" means, together: (i) written confirmation from each of the Acreage Holdings, Finco and Pubco that all conditions to the completion of the RTO in accordance with the terms of the Definitive Agreement, without any material amendment, shall have been satisfied, other than the Amalgamation or the release of the Escrowed Funds and the transactions form part of the RTO that are not capable of being completed prior to the Amalgamation and except for those conditions that have been waived by the Lead Agent in its sole discretion; (iii) the Subordinate Voting Shares being approved for listing on the CSE; (iv) the receipt of all regulatory, shareholder and third-party approvals, if any, required in connection with the RTO and the listing of the Subordinate Voting Shares on the CSE; (v) neither Finco nor Acreage Holdings shall be in breach or default of any of its covenants or obligations under the Subscription Receipt Agreement or the Agency Agreement, except (in the case of the Agency Agreement only) for those breaches or defaults that have been waived by the Lead Agent and all conditions set out in the Agency Agreement shall have been fulfilled, which shall all be confirmed to be true in a certificate of a senior officer of each of Acreage Holdings and Finco; and (vi) the delivery of the release certificate to the Escrow Agent in accordance with the terms of the Subscription Receipt Agreement;

"**FDA**" means the U.S. Food and Drug Administration;

"**Final Distribution**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Financing Proceeds**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**FinCEN**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**FinCEN Memorandum**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Finco**" refers to Acreage Finco B.C. Ltd., a corporation existing under the laws of the Province of British Columbia;

"**Finco SR Financing**" means the private placement offering of 12,566,144 subscription receipts of Finco at a price of $25.00 per subscription receipt for total gross proceeds of $314,153,3600;

"**Finco Subscription Receipts**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**FINRA**" means Financial Industry Regulatory Authority;

"**Firestation**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**FIRPTA**" has the meaning ascribed thereto in Section 24 of this Listing Statement;

"**FLW**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Form 41-101F1**" means Form 41-101F1 - *Information Required in a Prospectus*, as amended;

"**forward-looking statements**" has the meaning ascribed thereto on the second page of this Listing Statement;

"**Founder**" means Kevin Murphy;

"**HC Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Health Circle**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Holder**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**HSC Solutions**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**HSRC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**IFRS**" means the International Financial Reporting Standards, as issued by the International Accounting Standards Board;

"**IGF**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Impire**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Interest**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Iowa Relief**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**IRS**" means the U.S. Internal Revenue Service;

"**Kalyx**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Lead Agent**" means Canaccord Genuity Corp.;

"**Listing Statement**" means this listing statement dated November 14, 2018;

"**Lock Up**" has the meaning ascribed thereto in Section 11 of this Listing Statement;

"**MA-RMD**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Material Acquisitions**" means, Acreage Holdings' acquisitions of (i) D&B Wellness, LLC d/b/a Compassionate Care Center of Connecticut; (b) Prime Wellness of Connecticut, LLC; (c) The Wellness & Pain Management Connection, LLC; and (d) Prime Alternative Treatment Center Consulting, LLC, each of which constitutes a "primary business" within the meaning of Form 41-101F1 *Information Required in a Prospectus*;

"**MD&A**" means a management's discussion and analysis;

"**ME Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Members**" means the holders of Acreage Holdings Units from time to time;

"**Membership Unit**" means an Acreage Holdings Unit representing a fractional part of the ownership interests of all members in Acreage Holdings;

"**MergerSub**" refers to HSCP Merger Corp., a corporation existing under the laws of the Province of British Columbia;

"**MIPC Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**MMRC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**MOU**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Multiple Voting Shares**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Named Executive Officers**" or "**NEOs**" has the meaning ascribed thereto in Section 15 of this Listing Statement;

"**Nature's Way**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**NCC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**NCCRE**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**New Omnibus Equity Plan**" means the omnibus incentive plan approved by Pubco Shareholders at the Meeting and adopted by the Resulting Issuer;

"**NH Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**NI 41-101**" means National Instrument 41-101 - *General Prospectus Requirements*, as amended;

"**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations*, as amended;

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees*, as amended;

"**NI 58-101**" means National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, as amended;

"**Non-Canadian Holder**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**NYCANNA**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**NYMRC"** has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended;

"**Offer**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"OLCC" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Options**" has the meaning ascribed thereto in Section 9 of this Listing Statement;

"**Participants**" has the meaning ascribed thereto in Section 9 of this Listing Statement;

"**PATCC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PATC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PCG**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Person**" means any individual, corporation, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever;

"**Post Roll-Up Acquisitions**" has the meaning ascribed thereto in Section 3.2 of this Listing Statement;

"**Primary Business**" has the meaning ascribed thereto in Section 3.2 of this Listing Statement;

"**Prior LLC Agreement**" has the meaning ascribed thereto in Section 2.2 of this Listing Statement;

"**profit interests**" mean the Class C-1 Units in the capital of Acreage Holdings outstanding from time to time;

"**Proportionate Voting Shares**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Pubco**" refers to Acreage Holdings, Inc. (formerly Applied Inventions Management Corp.) and its subsidiaries prior to the RTO;

"**Pubco Audit Committee**" has the meaning ascribed thereto in Section 13.2 of this Listing Statement;

"**Pubco Board**" means the board of directors of Pubco;

"**Pubco Meeting**" means the annual and special meeting of shareholders of Pubco held on November 6, 2018;

"**Pubco Shareholders**" means the shareholders of Pubco prior to completion of the RTO;

"**PWC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PWC Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PWCT**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PWPA**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Registered Holders**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

''**Registered Plan**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**Related Person**" means, (i) each director and executive officer, and (ii) an associate or permitted assign of such director or executive officer;

"**Reorganization**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Resulting Issuer**" refers to Acreage Holdings, Inc. (i.e. Pubco and its subsidiaries following the RTO), and, in the case of references to matters undertaken by a predecessor in interest to the Resulting Issuer or its subsidiaries, includes each such predecessor in interest, unless the context otherwise requires;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Shares**" means the Subordinate Voting Shares, the Proportionate Voting Shares and the Multiple Voting Shares, as the case may be;

"**Resulting Issuer Warrants**" means the issued and outstanding warrants in the capital of Acreage Holdings;

"**Roll-Up**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Roll-Up Note**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Roll-Up Transactions**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Roll-Up Unit**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Rollover Interest**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**RSUs**" has the meaning ascribed thereto in Section 9 of this Listing Statement;

"**RTO**" means the Reorganization and listing of the Subordinate Voting Shares on the CSE;

"**SEC**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Section 280E**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"SFN" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**SR Offering Price**" has the meaning ascribed thereto in Section 4.1 of this Listing Statement;

"**Staff Notice 51-352**" has the meaning ascribed thereto in Section 3.3 of this Listing Statement;

"**Subdivision**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Subordinate Voting Share Conversion Right**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Subordinate Voting Shares**" means the subordinate voting shares of the Resulting Issuer, the terms of which are further described in Section 10 of this Listing Statement;

"**Subscription Receipt Agreement**" means the subscription receipt agreement entered into on November 13, 2018 among Finco, Acreage Holdings, the Lead Agent and the Escrow Agent setting out the terms and conditions of the Finco Subscription Receipts;

"**Subsidiaries**" means the direct and indirect subsidiaries of Acreage Holdings or the operating companies in which Acreage Holdings has an ownership interest and "**Subsidiary**" means any one of them;

"**Subsidiary Seller**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Tax Act**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**Tax Benefit Schedule**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Tax Proposals**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**Tax Receivable Agreement**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Tax Receivable Bonus Plan**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Tax Receivable Bonus Plan Participant**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Taxable capital gain**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**THC**" means tetrahydrocannabinol;

"**Treaty**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**USCo**" refers to Acreage Holdings America, Inc., a Nevada corporation;

"**USCo Shares**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**USCo2**" refers to Acreage Holdings WC, Inc., a Nevada corporation;

"**USCo2 Support Agreement**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**U.S.**" or "**United States**" means the United States of America;

"**U.S. Exchange Act**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**U.S. Holder**" has the meaning ascribed thereto in Section 24.1 of this Listing Statement;

"**USA Patriot Act**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**USRPHC**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**USRPI**" has the meaning ascribed thereto in Section 24 of this Listing Statement;

"**VIE**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**WCM**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement; and

"**WPMC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement.

1.2 Market and Industry Data

Market data and industry forecasts contained in this Listing Statement have been obtained from industry publications, various publicly available sources and reports purchased by Acreage Holdings as well as from management's good faith estimates, which are derived from management's knowledge of the industry and independent sources. Acreage Holdings believes that the industry data is accurate and that its estimates and assumptions based thereon are reasonable, but there is no assurance as to the accuracy or completeness of this data. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, Acreage Holdings has not independently verified any of the information from third-party sources nor has it ascertained the validity or accuracy of the underlying economic assumptions relied upon therein. Certain of the industry data presented herein has been derived from reports paid for by Acreage Holdings and prepared by The Arcview Group, a cannabis industry investment and research company.

Actual outcomes may vary materially from those forecast in the reports or publications referred to herein, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe that the sources relied upon are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified. See "*Forward-Looking Statements*" and "*Risk Factors*".

1.3 Information Regarding Pubco

The information regarding Pubco that has been included in this Listing Statement is based upon public filings made by Pubco, together with inquiries made of management of Pubco, and accordingly, there can be no assurance that such information is accurate or complete. See "*Risk Factors*".

1.4 Information Regarding Subsidiaries

The information regarding Kalyx, Dixie, SFN and the entities Acreage Holdings manages but does not own as disclosed Section 3 that has been included in this Listing Statement is based upon information available to the Resulting Issuer and inquiries made of management of the Resulting Issuer and the Subsidiaries, and accordingly, there can be no assurance that such information is accurate or complete. See "*Risk Factors*".

1.5 Interpretation

Any statements in this Listing Statement made by or on behalf of management are made in such persons' capacities as officers of the Resulting Issuer, Acreage Holdings or Pubco, as applicable, and not in their personal capacities.

All information in this Listing Statement is stated as at November 14, 2018, unless otherwise indicated.

Except where otherwise indicated in this Listing Statement, all references to dollar amounts and "$" are to United States currency.

1.6 Non-IFRS Measures

None.

2. CORPORATE STRUCTURE

2.1 Corporate Name & Head and Registered Office

This Listing Statement has been prepared in connection with the RTO and proposed listing of the Subordinate Voting Shares on the CSE.

The registered and head office of Pubco is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia.

The head office of Acreage Holdings is located at 366 Madison Avenue, New York, New York 10017 and the registered address is located at 1209 Orange Street, Wilmington, Delaware, care of a registered agent.

Upon completion of the RTO, the registered office of the Resulting Issuer will be located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia and the head office will be located at 366 Madison Avenue, New York, New York 10017.

2.2 Jurisdiction

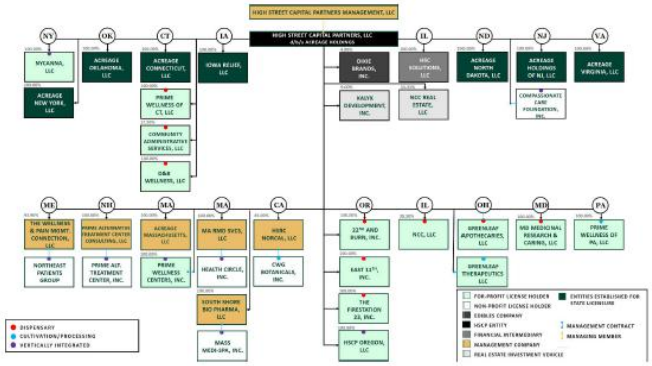
Pubco was incorporated under the OBCA as "Applied Inventions Management Inc." on July 12, 1989. On August 29, 2014, Pubco filed articles of amendment changing its name from "Applied Inventions Management Inc." to "Applied Inventions Management Corp.". On November 9, 2018, in connection with the RTO, Pubco continued into British Columbia, changed its name to "Acreage Holdings, Inc." and effected the amendment of its Articles of Incorporation to amend the terms of its authorized share capital. Prior to the Amalgamation, Pubco had the following subsidiaries: Applied Inventions Management Corp. USA (Delaware), Tour Technologies Inc. (Montana) and MergerSub.

Acreage Holdings is a limited liability company formed on April 29, 2014 under the *Limited Liability Company Act* (Delaware) and is governed by a limited liability company agreement dated December 10, 2015, as amended and restated on each of July 22, 2016, March 24, 2017 and April 27, 2018 (the "**Prior LLC Agreement**"). The Prior LLC Agreement was amended and restated in connection with the completion of the RTO. For further details in respect of the A&R LLC Agreement, see "*-- A&R LLC Agreement"*.

The Resulting Issuer will be a reporting issuer in the Province of Ontario.

2.3 Inter-corporate Relationships

The following diagram presents the material subsidiaries and certain business interests of Acreage Holdings, including upon giving effect to the completed Roll-Up Transactions, immediately prior to the completion of the RTO.



2.4 The RTO

In connection with the completion of the RTO, a series of transactions were completed resulting in a reorganization of Pubco and Acreage Holdings as a result of which, the Resulting Issuer became the indirect parent of Acreage Holdings (the "**Reorganization**").

The principal steps of the Reorganization were as follows:

1. Pubco continued from the Province of Ontario into the Province of British Columbia (the "**Continuance**") and concurrent therewith: (i) subdivided Pubco's Class B multiple voting shares (the "**Class B Multiple Voting Shares**") on the basis of one and one-half (1.5) Class B Multiple Voting Shares for each Class B Multiple Voting Share issued and outstanding immediately prior thereto (the "**Subdivision**"); (ii) consolidated Pubco's issued and outstanding Class A Subordinate Voting Shares (the "**Class A Subordinate Voting Shares**") and Class B Multiple Voting Shares on the basis of one (1) post-consolidation share of such class, as applicable, for every existing 350 share of such class (the "**Consolidation**"); and (iii) approved the adoption of Articles under the BCBCA which effected the amendment of Pubco's then current Articles of Incorporation to: (A) amend the terms of the Class A Subordinate Voting Shares such that they have special rights and restrictions and be renamed "**Subordinate Voting Shares**"; (B) create a new class of shares consisting of an unlimited number of "Multiple Voting Shares" having special rights and restrictions (the "**Multiple Voting Shares**"); (C) create a new class of shares consisting of an unlimited number of "Proportionate Voting Shares" having special rights and restrictions (the "**Proportionate Voting Shares**"); (D) amend the terms of the existing Class B Multiple Voting Shares such that they have the same special rights and restrictions as the Subordinate Voting Shares pursuant to (A) above; (E) delete Pubco's Class C preference shares in their entirety; and (F) change its name to "Acreage Holdings, Inc.";

2. Finco issued subscription receipts (the "**Finco Subscription Receipts**") in exchange for gross proceeds of $314,153,600 (the "**Financing Proceeds**");

3. the outstanding Finco Subscription Receipts were converted into Finco common shares with each holder of a Finco Subscription Receipt receiving one Finco common share in exchange therefor;

4. Pubco, MergerSub and Finco completed a three-cornered amalgamation pursuant to the statutory procedure under Section 269 of the BCBCA pursuant to which Finco shareholders (including former holders of Finco Subscription Receipts) received Subordinate Voting Shares and Finco and MergerSub amalgamated with the resulting entity being "**Amalco**";

5. Amalco was dissolved and liquidated, pursuant to which all of the assets of Amalco were distributed to Pubco;

6. all outstanding Acreage Holdings Notes were converted, pursuant to their terms, into Class A Membership Units;

7. other than the Founder, certain executive employees, holders of profit interests and certain residents of California, all Members contributed their Acreage Holdings Units to USCo in exchange for voting common shares of USCo. Members which reside outside the U.S. received Class A common shares of USCo, while Members which reside within the U.S. received Class B common shares of USCo;

8. Kevin Murphy, the Chief Executive Officer and Founder of Acreage Holdings and proposed Chief Executive Officer and director of the Resulting Issuer, contributed a portion of his Acreage Holdings Units to USCo in exchange for Class C voting common shares of USCo and otherwise continued to hold his remaining Acreage Holdings Units;

9. holders of USCo common shares contributed their USCo common shares to Pubco in exchange for Subordinate Voting Shares, Proportionate Voting Shares and, together with a subscription for cash by Mr. Murphy, Multiple Voting Shares. Holders of Class A common shares of USCo (being non-U.S. Holders) received Subordinate Voting Shares, holders of Class B common shares (being U.S. Holders) of USCo received Proportionate Voting Shares and Mr. Murphy received Multiple Voting Shares;

10. Members who are resident of California, for California state income tax purposes, contributed their Acreage Holdings Units to USCo2 in exchange for non-voting shares of USCo2;

11. through USCo and USCo2, Pubco contributed the Financing Proceeds to Acreage Holdings upon completion of the RTO; and

12. all outstanding warrants in the capital of Acreage Holdings were converted, pursuant to their terms, to permit the holders thereof to acquire one Subordinate Voting Share for each warrant held (the "**Acreage Holdings Warrants**").

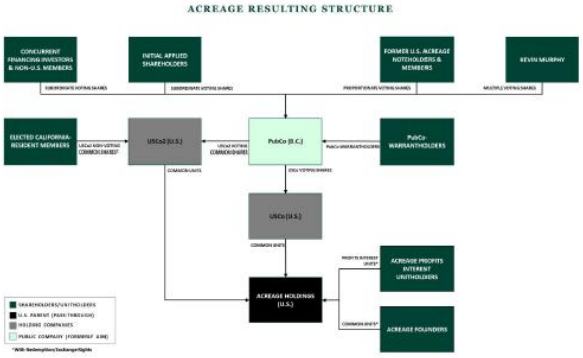
Following completion of the Reorganization, Acreage Holdings Units retained by the Founder, certain executive employees and profit interests holders, carry redemption and exchange rights allowing, subject to contractual restrictions, the holder thereof to exchange their Acreage Holdings Units for newly-issued Subordinate Voting Shares on a one-to-one basis. The Resulting Issuer will have the option to instead make a cash payment equal to a volume weighted average market price of one Subordinate Voting Share for each Acreage Holdings Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the A&R LLC Agreement. The Resulting Issuer's decision to make a cash payment upon a Member's election will be made by the independent directors of the Resulting Issuer Board (within the meaning of applicable securities laws) who are disinterested. The Resulting Issuer, USCo and Acreage Holdings entered into a support agreement related to the above redemption and exchange rights (the "**Acreage Support Agreement**"). See "*Description of the Securities - Description of Capital of Acreage Holdings - Acreage Support Agreement"*.

The Resulting Issuer's structure following the RTO, as described above, is commonly referred to as an "Up-C" structure. The Up-C structure allows the Members to continue to realize tax benefits associated with owning interests in an entity that is treated as a partnership, or "pass-through" entity, for income tax purposes following the RTO. One of these benefits is that future taxable income of Acreage Holdings that is allocated to the Members will be taxed on a flow-through basis and therefore will not be subject to corporate taxes at the entity level. Additionally, because the Members may redeem their Acreage Holdings Units for Subordinate Voting Shares or, at the Resulting Issuer's option, for cash, the Up-C structure also provides the Members with potential liquidity that holders of non-publicly-traded limited liability companies are not typically afforded.

In connection with the Reorganization, non-U.S. holders of Acreage Holdings Units will generally be subject to U.S. withholding tax under Code Section 1446(f) upon the disposition of Acreage Holdings Units equal to 10% of the fair market value of shares received in the exchange, or approximately $22 million, based on the SR Offering Price of Subordinate Voting Shares. The Resulting Issuer will withhold 10% of the Subordinate Voting Shares delivered to non-U.S holders, or approximately 900,000 Subordinate Voting Shares, and the Resulting Issuer may cancel such Subordinate Voting Shares. In the case of the cancellation of such shares, the Resulting Issuer will pay the resulting tax withholding tax obligation out of the use of proceeds from the Finco SR Financing. The Resulting Issuer reserves the right to facilitate the sale of such shares and, in such case, to remit the proceeds thereof in satisfaction of its withholding tax obligation.

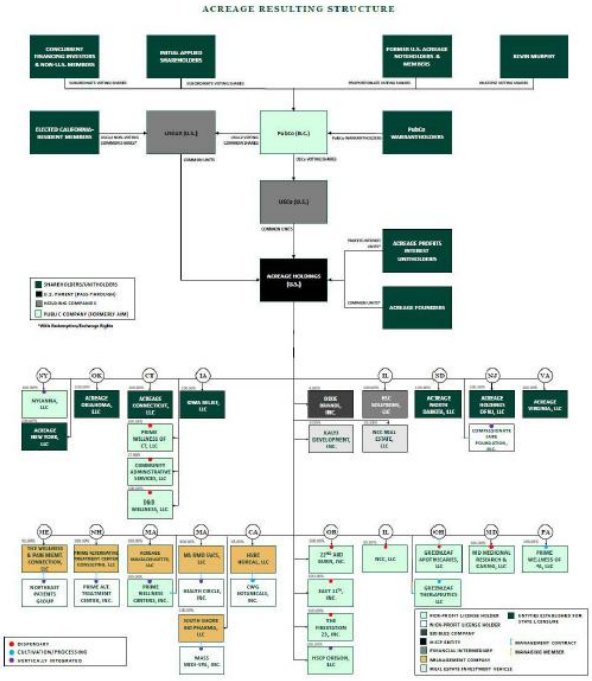
Following completion of the Reorganization, (i) Pubco holds all of the outstanding voting shares of USCo and all of the outstanding voting shares of USCo2, and (ii) the outstanding Acreage Holdings Units are held by USCo (69.77%), USCo2 (2.00%), and the Founder, certain executive employees and profit interests holders (28.23%).

Set forth below is the organizational structure of Acreage Holdings after giving effect to the Reorganization:



Through USCo, the sole manager of Acreage Holdings, the Resulting Issuer will operate and control all of the business and affairs of Acreage Holdings and, through Acreage Holdings and the Subsidiaries, conduct the business currently carried on by Acreage Holdings.

Set forth below is the organizational structure of the Acreage Holdings after giving effect to the Reorganization and the Roll-Up, including its material Subsidiaries:



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

Upon completion of the RTO, the business of Acreage Holdings will become the business of the Resulting Issuer.

General Development of Pubco's Business

Pubco was initially formed in order to identify, develop and market innovative products and inventions, including the SAVE swimming pool intrusion alarm, a swimming pool alarm device. Pubco completed its initial public offering pursuant to a prospectus dated June 13, 1990 and became a reporting issuer in the Province of Ontario. A cease trade order ("**CTO**") was imposed on Pubco by the Ontario Securities Commission on February 20, 2001 for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three-month period ended November 30, 2000. These consolidated financial statements were subsequently filed on SEDAR by Pubco. On August 27, 2011, the Ontario Securities Commission issued a Revocation Order of the CTO. Pubco ceased all operations of its legacy business in 2001.

Since 2011, Pubco has been focused on identifying a business or asset acquisition. On August 29, 2014, Pubco filed articles of amendment changing its name from "Applied Inventions Management Inc." to "Applied Inventions Management Corp.". Pubco entered into the Definitive Agreement with Acreage Holdings on September 21, 2018, which provided the general terms and conditions of the RTO, pursuant to which Pubco acquired all of the issued and outstanding securities of Acreage Holdings in exchange for securities of Pubco.

On November 9, 2018, in connection with the RTO, Pubco completed the Continuance, the Subdivision and the Consolidation and changed its name to "Acreage Holdings, Inc.".

General Development of Acreage Holdings' Business

Mr. Murphy began investing in the cannabis space in 2011 with minority investments in dispensaries located in medical-use states on the east coast of the United States. Acreage Holdings was founded by Mr. Murphy in April 2014 to invest in the burgeoning U.S. regulated cannabis market and, until April 2018, was an investment holding company and engaged in the business of investing in cannabis companies. As part of the formation of Acreage Holdings in 2014, Mr. Murphy contributed his cannabis related investment portfolio valued at approximately $14 million to Acreage Holdings in exchange for 20 million Class B Membership Units.

Since its formation, Acreage Holdings has invested in geographically diverse licensed entities that operate in both the adult-use and medicinal-use authorized U.S. states. The Subsidiaries focus on all aspects of the state-regulated cannabis industry. As a result of its experience investing in the industry, and, in many cases, active involvement with the Subsidiaries, Acreage Holdings' management gained significant experience in cultivation, processing and dispensing of cannabis and cannabis infused products.

From inception until Acreage Holdings began the Roll-Up, the principal business activity of Acreage Holdings was to provide debt and equity capital to existing cannabis license holders, cannabis license applicants and related management companies which are party to financing and consulting services agreements with Acreage Holdings-owned entities in states throughout the U.S. where medical and/or adult-use of cannabis is legal. Such investments included straight debt securities (secured or unsecured), convertible debt instruments and/or common or preferred equity securities issued by the Subsidiaries. As an investor in these Subsidiaries, Acreage Holdings was generally entitled to hold board seats and played an advisory role in the management and operations of such Subsidiaries, which afforded Acreage Holdings the opportunity to build its institutional knowledge in the cannabis space. Additionally, being an investor in the Subsidiaries provided Acreage Holdings with the ability to develop a vertically-integrated U.S. cannabis market participant with one of the largest footprints in the industry.

As of the date of this Listing Statement, Acreage Holdings, through its Subsidiaries, holds 34 licenses to operate dispensaries and nine licenses to grow and process cannabis, and owns or operates cannabis businesses in 14 states across the U.S., including California, Connecticut, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Ohio, Oregon and Pennsylvania. Each of the Subsidiaries are in various stages of development and operations, ranging from having only recently obtained a newly issued state cannabis license or to being fully operational. Acreage Holdings also has entered into agreements which will, upon successful completion of the transactions, result in Acreage Holdings owning or operating cannabis businesses in Florida, Michigan, Oklahoma and Rhode Island. Acreage Holdings plans to continue its expansion, with active efforts underway to acquire new and existing licenses in other states. In certain states, licenses are required to be held by non-profit entities. In those states, Acreage Holdings has entered into management agreements with such entities, under which Acreage Holdings has the right to control the operations of such entities and earns fees in exchange for managing such enterprises.

Following completion of the Roll-Up and the Acreage Acquisitions, Acreage Holdings will own 100% of the Subsidiaries, other than Dixie, Kalyx, The Wellness & Pain Management Connection, LLC ("**WPMC**") and NCC Real Estate, LLC ("**NCCRE**").

See "*Narrative Description of the Business - Principal Products and Services*" for a description of the principal products and services offered directly or indirectly through Acreage Holdings.

Roll-Up Transactions

Beginning in April 2018, Acreage Holdings focused its business strategy on acquiring control over the Subsidiaries (other than Dixie, Kalyx, WPMC and NCCRE) in which it had an existing investment (collectively, the "**Roll-Up Transactions**" or the "**Roll-Up**").

In order to effect the Roll-Up Transactions, Acreage Holdings entered into a membership interest purchase and contribution agreement (each, a "**MIPC Agreement**") with the then-owners of equity interests of each of the applicable Subsidiaries (in each case, a "**Subsidiary Seller**"), pursuant to which Acreage Holdings agreed to purchase, and each Subsidiary Seller agreed to sell, the equity interest in the applicable Subsidiary held by such Subsidiary Seller (in each case, the "**Interest**"). The general terms and conditions set out in each MIPC Agreement are summarized below.

As consideration for the purchase of the Interest of each Subsidiary Seller, Acreage Holdings agreed to issue to such Subsidiary Seller: (i) such number of Class D Membership Units (each, a "**Roll-Up Unit**") determined by dividing the value attributable to the portion of the Interest to be rolled into Acreage Holdings (the "**Rollover Interest**") by $6.20; and (ii) an unsecured promissory note (each, a "**Roll-Up Note**") in the initial principal amount equal to the value of the Interest less the Rollover Interest, if any, (the "**Balance Interest**"). Each Roll-Up Note bears interest at a rate of 10% per annum and is repayable upon the earlier of the date that is 18 months following the issuance thereof or the closing of an event similar to a reverse takeover of a public entity or another going-public transaction. Acreage Holdings was permitted to determine the allocation of the Interest between the Rollover Interest and the Balance Interest, as applicable, by delivery of a notice to each of the Subsidiary Seller setting out same. See "*Prior Sales*."

See the table included below under "-- *Summary of Roll-Up Transactions*" for the material terms of each Roll-Up Transaction and Schedule "G" for the pro forma financial statement impact of the Roll-Up Transactions on the business of Acreage Holdings.

The following is an overview of each Subsidiary involved in the Roll-Up Transactions:

California

HSRC NorCal, LLC & CWG Botanicals, Inc.

HSRC NorCal, LLC ("**HSRC**") is a limited liability company formed on June 3, 2016 under the laws of the State of California and provides management and administrative services through a Management Services Agreement dated June 9, 2016 (the "**CA Management Services Agreement**") with CWG Botanicals, Inc. ("**CWG**"). CWG was formed on December 21, 2015 under the laws of the State of California as a non-profit mutual benefit corporation and converted to a for-profit corporation in January 2018. CWG cultivates and processes cannabis. Pursuant to the CA Management Services Agreement, HSRC receives all revenue received by CWG on a monthly basis, pays all of CWG's expenses and retains the excess of revenue less those expenses as a management fee. The CA Management Services Agreement has a 10-year term.

CWG leases a 20,000 square foot property and completed development of a series of cultivation rooms in July 2017 with a total footprint of 10,000 square feet and a canopy of approximately 2,500 square feet. In September 2017, CWG began developing a second 10,000 square foot manufacturing facility to produce distillates and concentrates. On August 5, 2017, September 21, 2017 and October 28, 2017, CWG received licenses to manufacture, grow and distribute cannabis, respectively, from the State of California's Department of Consumer Affairs. Until California finalizes its regulations regarding cannabis, all licenses issued to operators in the California cannabis industry are temporary and renew every 90 days. It is anticipated that the licenses will continue to renew until approximately December 2018, when the California rules regarding license issuances are expected to be finalized.

CWG was recently issued its final temporary manufacturing license extension on November 1, 2018, which expires on January 31, 2019. In addition, CWG's final temporary distribution license extension has been issued and will expire on January 26, 2019. For both the manufacturing and distribution licenses, CWG's application is under review by state and local regulators. Once that review is complete, CWG will be issued an annual or provisional license, both of which expire after twelve months. The license type (annual or provisional) will be determined by the City of Oakland or the State of California, depending on whether they were able to complete CWG's review by December 31, 2018.

As for CWG's cultivation license, a temporary license extension was issued on September 22, 2018 and will expire on December 22, 2018. CWG is eligible for one more extension, which would be the final temporary cultivation license extension. That will be determined based on the state's progress with CWG's annual license application, which is currently under review. Depending on the state's timeline, along with the City of Oakland's timeline, either a provisional or annual license will be issued, both of which expire after 12 months.

Prior to the Roll-Up, Acreage Holdings owned 45% of the outstanding equity interests of HSRC and CWG. Acreage Holdings expects to complete the Roll-Up of HSRC and CWG in the first quarter of 2019, following which it will own 100% of the outstanding equity interests of HSRC and CWG. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Connecticut

Prime Wellness of Connecticut, LLC & Community Administrative Services, LLC

Prime Wellness of Connecticut, LLC ("**PWCT**") is a limited liability company formed on August 27, 2013 under the laws of the State of Connecticut and operates a dispensary in South Windsor, Connecticut. PWCT receives certain administrative, operational and consulting services through a Management Services Agreement dated November 2017 (the "**CT Management Services Agreement**") with Community Administrative Services, LLC ("**CAS**"). CAS is a limited liability company formed on March 14, 2017 under the laws of the State of Connecticut and was formed to assist PWCT with certain administrative functions regarding medicinal cannabis license applications, renewals and pharmacy consultations for licensed patients. Pursuant to the CT Management Services Agreement, PWCT pays CAS a fixed monthly fee in exchange for the services provided thereunder. The CT Management Services Agreement has an initial term of five years and automatically renews for successive five-year terms unless terminated by the parties.

PWCT operates a 3,200 square foot retail medicinal cannabis dispensary location in South Windsor, Connecticut that opened to licensed patients on August 1, 2014. PWCT received a Medical Marijuana Dispensary License from the State of Connecticut's Department of Consumer Protection on April 10, 2014, which license has been continuously renewed for successive one-year terms on its anniversary date. CAS leases a 1,500 square foot property adjacent to PWCT. Under the laws of the State of Connecticut, licensed individuals must register with one specific dispensary and may not purchase medicinal cannabis from other dispensaries.

Prior to the Roll-Up, Acreage Holdings owned 17.5% of the outstanding equity interests in each of CAS and PWCT. On September 13, 2018, Acreage Holdings completed the Roll-Up of PWCT and now owns 100% of the outstanding equity interests of PWCT. Acreage Holdings is in process of acquiring the outstanding business of CAS. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Acreage Holdings is not aware of any contingent or unrecorded liabilities assumed in connection with the foregoing acquisition.

Illinois

NCC LLC

NCC LLC d/b/a Nature's Care Company, LLC ("**NCC**") is a limited liability company formed on June 26, 2014 under the laws of the State of Illinois and operates a medicinal cannabis dispensary in Rolling Meadows, Illinois. On January 22, 2016, NCC received a Registered Medical Cannabis Dispensing Organization registration certificate from the Illinois Department of Financial and Professional Regulation, which has been continuously renewed for successive one-year terms on its anniversary date.

Under the laws of the State of Illinois, licensed individuals must register with one specific dispensary and may not purchase medicinal cannabis from other dispensaries.

NCC is currently having its sales and use tax returns audited by the State of Illinois for the periods of January 2016 through March 2018. Acreage Holdings may seek to extend the statute of limitations in order to complete the audit.

Prior to the Roll-Up, Acreage Holdings held approximately 30% of the outstanding equity interests in NCC. Acreage Holdings expects to complete the Roll-Up of NCC on or about November 30, 2018, following which it will own 100% of the outstanding equity interests of NCC. All conditions to closing have been satisfied, save for meeting final regulatory administrative conditions, which Acreage Holdings anticipates to be completed during the fourth quarter of 2018. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Maine

The Wellness & Pain Management Connection, LLC

WPMC is a limited liability company formed on August 3, 2011 under the laws of the State of Delaware and provides management, operational and consulting services through a management agreement dated August 3, 2011 (the "**ME Management Services Agreement**") with Northeast Patient Group d/b/a Wellness Connection of Maine ("**WCM**"). WCM is a non-profit entity formed on June 16, 2010 in the State of Maine. Pursuant to the ME Management Services Agreement, WPMC operates and provides management services to WCM and receives compensation in consideration therefor based upon a fixed price per pound of product sold by WCM. For other certain services, WPMC receives compensation at agreed-upon rates based upon the services provided by WPMC. WPMC has the right to appoint two of the five members of WCM's board of directors. The ME Management Services Agreement has an initial term of eight years and automatically renews for a second term of eight years, followed by a third term of nine years, unless terminated by the parties in accordance with its terms.

WCM operates medicinal cannabis dispensaries in each of Bath, Brewer, Gardiner and Portland, Maine, and operates a 40,000 square foot cannabis cultivation and processing facility in Auburn, Maine. On various dates between 2011 and 2012, WCM received four certificates of registration from the Maine Department of Health and Human Services for the operation of its dispensaries and cultivation and processing facilities. Maine does not issue separate licenses for cultivation and processing facilities and dispensaries. The licenses have been continuously renewed for successive one-year terms since the dates of issuance.

Prior to the Roll-Up, Acreage Holdings held 39% of the outstanding equity interests in WPMC. On June 19, 2018, Acreage Holdings completed the Roll-Up of WPMC and currently holds 93.9% of the outstanding equity interests of WPMC. The remaining 6.1% of the outstanding equity interests in WPMC are held by certain unaffiliated investors. The relationship among the owners of WPMC is governed by that certain limited liability company agreement, dated as of October 26, 2015. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Maryland

Maryland Medicinal Research & Caring, LLC

Maryland Medicinal Research & Caring, LLC ("**MMRC**") is a limited liability company formed on October 6, 2015 under the laws of the State of Maryland and operates a dispensary in Baltimore, Maryland. On July 26, 2018, MMRC received a license to operate its dispensary from the Natalie M. LaPrade Maryland Medical Cannabis Commission, an independent commission within the Maryland Department of Health and Mental Hygiene, which license expires on July 26, 2024.

Prior to the Roll-Up, Acreage Holdings held 80% of the outstanding equity interests in MMRC. On July 31, 2018, Acreage Holdings completed the Roll-Up of MMRC and currently holds 100% of the outstanding equity interests of MMRC. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Massachusetts

Prime Consulting Group, LLC & Prime Wellness Centers, Inc.

Prime Consulting Group, LLC ("**PCG**") is a limited liability company formed on August 6, 2014 under the laws of the State of Delaware and provides management, operational and consulting services pursuant to a management agreement dated December 1, 2015 (the "**PWC Management Services Agreement**") with Prime Wellness Centers, Inc. ("**PWC**"). PWC was formed on April 29, 2015 as a non-profit corporation under the laws of the State of Massachusetts and was converted to a for-profit corporation on August 15, 2018. PWC operates dispensaries in each of Shrewsbury, Worcester and Leominster, Massachusetts and a cultivation and processing facility in Sterling, Massachusetts. Pursuant to the PWC Management Services Agreement, PCG operates and provides management services to PWC. The PWC Management Services Agreement has an initial term of 15 years and automatically renews for successive five-year terms unless terminated by the parties in accordance with its terms. PCG receives compensation from PWC based upon a fixed price per pound of cannabis sold and a fixed percentage of gross sales for cannabis-infused products sold by PWC.

On June 29, 2015, the Massachusetts Department of Public Health Bureau of Health Care Safety and Quality granted PWC one-year licenses to operate its dispensaries and cultivation and processing facility. The licenses have been continuously renewed for successive one-year terms since the respective dates of issuance.

Prior to the Roll-Up, Acreage Holdings held 20% of the outstanding equity interests in PCG. On July 31, 2018, Acreage Holdings completed the Roll-Up of PCG and currently holds 100% of the outstanding equity interests of PCG. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Acreage Holdings is not aware of any contingent or unrecorded liabilities assumed in connection with the foregoing acquisition.

MA RMD SVCS, LLC & Health Circle, Inc.

MA RMD SVCS, LLC ("**MA-RMD**") is a limited liability company formed on May 12, 2016 under the laws of the State of Massachusetts that provides management and consulting services pursuant to a management agreement dated October 31, 2017 (the "**HC Management Services Agreement**") with Health Circle, Inc. ("**Health Circle**"). Health Circle is a non-profit Massachusetts corporation formed on June 24, 2015 and operates dispensaries in Rockland, Massachusetts and a 20,000 square foot dispensary, cultivation and processing facility in Rockland, Massachusetts. Pursuant to the HC Management Services Agreement, MA-RMD operates and provides management services to Health Circle. The HC Management Services Agreement has an initial term of 15 years and automatically renews for successive five-year terms unless terminated by the parties in accordance with its terms. MA-RMD receives compensation from Health Circle based upon a fixed price per pound of cannabis sold and a fixed percentage of gross sales for cannabis-infused products sold by Health Circle.

On September 30, 2015, the Massachusetts Department of Public Health Bureau of Health Care Safety and Quality granted Health Circle one-year licenses to operate its dispensaries and cultivation and processing facility. The licenses have been continuously renewed for successive one-year terms since their respective dates of issuance.

Prior to the Roll-Up, Acreage Holdings held 51% of the outstanding equity interests in MA-RMD. On July 3, 2018, Acreage Holdings completed the Roll-Up of MA-RMD and currently holds 100% of the outstanding equity interests of PCG. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

New Hampshire

Prime Alternative Treatment Center Consulting, LLC

Prime Alternative Treatment Center Consulting, LLC ("**PATCC**") is a limited liability company formed on December 24, 2014 under the laws of the State of New Hampshire that provides management, operational and consulting services pursuant to a management agreement dated March 1, 2016 (the "**NH Management Services Agreement**") with Prime Alternative Treatment Centers of NH, Inc. ("**PATC**"). PATC is a non-profit corporation formed on January 15, 2015 under the laws of the state of New Hampshire and operates a dispensary and cannabis processing and cultivation facility in Peterborough, New Hampshire. Pursuant to the NH Management Services Agreement, PATCC operates and provides management services to PATC and receives compensation in consideration therefor based upon a fixed price per pound of products sold by PATC on a monthly basis. The NH Management Services Agreement has an initial term of five years and automatically renews for successive five-year terms unless terminated by the parties in accordance with its terms.

On August 9, 2016, the New Hampshire Department of Health and Human Services issued a license in the form of a Registration Certificate, permitting PATC to operate. In the second quarter of 2018, PATC received a notice from the State of New Hampshire indicating that it needed to implement certain remedial measures before the state agreed to renew its license. PATC has submitted a remediation plan to the New Hampshire Office of Legal and Regulatory Services. PATC is currently implementing those matters and expects to resolve them promptly. Under New Hampshire law, a license does not expire if the licensee submits a timely and sufficient renewal application and the agency has yet to take final action on that renewal application. PATC submitted a timely and complete renewal application, and so its registration certificate is active, current and in good standing pending the resolution of the remediation plan, and has received correspondence from the state affirming this status.

The State of New Hampshire licenses provide recipients with exclusive rights to operate four different entities in their geographically designated part of the state. PATC's license entitles it to operate in the part of the state with the greatest population density. New Hampshire also requires that each licensed medical cannabis patient register with a single dispensary to meet their individual medical cannabis needs.

Prior to the Roll-Up, Acreage Holdings held 12% of the outstanding equity interests in PATCC. On July 3, 2018, Acreage Holdings completed the Roll-Up of PATCC and currently holds 100% of the outstanding equity interests of PATCC. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

New York

Impire State Holdings LLC, NYMRC, LLC, NYCI, LLC & NYCANNA, LLC

Impire State Holdings LLC ("**Impire**") is a limited liability company formed on November 7, 2016 under the laws of the State of New York that primarily invests in NY Medicinal Research & Caring, LLC ("**NYMRC**"). NYMRC is a limited liability company formed on October 6, 2016 under the laws of the State of New York that primarily invests in NYCANNA, LLC ("**NYCANNA**"). NYCANNA is a limited liability company formed on November 1, 2016 under the laws of the State of New York and is in the process of opening medical cannabis dispensaries in each of Buffalo, Middletown, Jamaica and Farmingdale, New York, and a 35,000 square foot cultivation and processing facility in Onondaga County, New York.

On August 1, 2017, the New York Department of Health ("**NYDOH**") approved NYCANNA's registration as a registered organization with the state's Medical Marijuana Program. The registration is valid until July 31, 2019. On May 4, 2018, the NYDOH issued a formal license to NYCANNA to operate its cultivation and processing facility. The NYDOH will issue formal licenses (which have been preapproved) to operate its dispensaries upon the completion of facilities inspections, which will occur when the facilities are ready to be operational, which Acreage Holdings expects will occur in early 2019.

Prior to the Roll-Up, Acreage Holdings held 80% of the outstanding equity interests of Impire, Impire held 50% of the outstanding equity interests of NYMRC and NYMRC held 50% the outstanding equity interests of NYCANNA. NYCI Holdings, LLC ("**NYCI**") owned the remaining 50% of the outstanding equity interests of NYCANNA and was previously unaffiliated with Acreage Holdings. Acreage Holdings now owns all of the outstanding equity interests in NYCI. Acreage Holdings completed the Roll-Up of Impire on August 15, 2018 and now owns 100% of the outstanding equity interests of each of Impire, NYMRC and NYCANNA. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

In addition to the terms of the MIPC Agreement in respect of the Roll-Up of Impire, Acreage Holdings also agreed to enter into severance agreements with the former Chief Executive Officer, Chief Operating Officer and Manager of NYCANNA as summarized below.

- Chief Executive Officer - Total payments of $645,000, $200,000 of which was paid upon execution of the severance agreement and the remaining $445,000 to be paid in equal monthly installments from closing until July 2020.
- Chief Operating Officer - Total payments of $610,000, $200,000 of which was paid upon execution of the severance agreement and the remaining $410,000 to be paid in equal monthly installments from closing until July 2020.
- Manager - Total payments of $4,145,000, $3,500,000 of which was paid upon termination of the management agreement between the former manager and NYCANNA and the remaining $645,000 was paid to the former manager in contemplation for a transition services agreement, which has since terminated.

Acreage Holdings is not aware of any contingent or unrecorded liabilities assumed in connection with the foregoing acquisition.

Oregon

Cannabliss & Co.

22nd and Burn Inc. ("**22nd and Burn**"), East 11th Incorporated ("**East 11th**"), The Firestation 23 Inc. ("**Firestation**") and HSCP Oregon, LLC ("**Acreage HoldingsOR**") make up the Cannabliss & Co. business in Oregon. Each of 22nd and Burn, East 11th and Firestation received a license to operate a medicinal dispensary on formation but has subsequently surrendered same and currently operates as a recreational dispensary.

(i) 22nd and Burn Inc.

22nd and Burn was formed on March 3, 2014 under the laws of the State of Oregon and operates a recreational dispensary in Portland, Oregon. On December 31, 2016, the Oregon Liquor Commission ("**OLCC**") issued 22nd and Burn a license to operate a recreational dispensary. The license expires on December 30, 2018. The license renews on an annual basis on its anniversary date. 22nd and Burn is in the process of renewing its license from December 31, 2018 through December 30, 2019.

Prior to the Roll-Up, Acreage Holdings held 70% of the outstanding equity interests in 22nd and Burn. On June 20, 2018, Acreage Holdings completed the Roll-Up of 22nd and Burn and currently holds 100% of the outstanding equity interests of 22nd and Burn. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

(ii) East 11th Incorporated

East 11th is a corporation formed on June 10, 2014 under the laws of the State of Oregon and operates a recreational dispensary in Eugene, Oregon. On January 3, 2017, the OLCC issued East 11th a license to operate a recreational dispensary in Eugene, Oregon. The license expires on January 3, 2019. The license renews on an annual basis on its anniversary date. East 11th is in the process of renewing its license from January 4, 2019 through January 3, 2020.

Prior to the Roll-Up, Acreage Holdings held 65% of the outstanding equity interests in East 11th. On June 20, 2018, Acreage Holdings completed the Roll-Up of East 11th and currently holds 100% of the outstanding equity interests of East 11th. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

(iii) The Firestation 23 Inc.

Firestation is a corporation formed on February 26, 2014 under the laws of the State of Oregon and operates a recreational dispensary in Portland, Oregon. On January 4, 2017, the OLCC issued Firestation a license to operate a recreational dispensary. The license expires on January 3, 2019. The license renews on an annual basis on its anniversary date. The Firestation is in the process of renewing its license from January 4, 2019 through January 3, 2020.

Prior to the Roll-Up, Acreage Holdings held 65% of the outstanding equity interests in Firestation. On June 20, 2018, Acreage Holdings completed the Roll-Up of Firestation and currently holds 100% of the outstanding equity interests of Firestation. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

(iv) HSCP Oregon, LLC

Acreage HoldingsOR is a limited liability company formed on March 8, 2016 under the laws of the State of Oregon and operates two recreational dispensaries in Springfield and Portland, Oregon and one cultivation and processing facility in Medford, Oregon. On January 9, 2017 and March 9, 2017, the OLCC issued Acreage HoldingsOR licenses to operate its dispensaries in Springfield and Portland, respectively. Each license has been renewed on an annual basis without issue. Acreage HoldingsOR has applied for a "Tier 2 Indoor Producer" license and is expected to receive a permanent license in December 2018. Acreage HoldingsOR completed construction of its 10,000 square foot production and cultivation facility in September 2018.

Prior to the Roll-Up, Acreage Holdings held 49% of the outstanding equity interests of Acreage HoldingsOR. On June 20, 2018, Acreage Holdings completed the Roll-Up of Acreage HoldingsOR and currently holds 100% of the outstanding equity interests of Acreage HoldingsOR. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Pennsylvania

Prime Wellness of Pennsylvania LLC

Prime Wellness of Pennsylvania LLC ("**PWPA**") is a limited liability company formed on July 1, 2016 under the laws of the State of Pennsylvania and operates a 30,000 square foot cultivation and processing facility in South Heidelberg, Pennsylvania. On June 20, 2017, the Pennsylvania Department of Health issued PWPA one of 12 Medical Marijuana Grower / Processor one-year permits. The permit has been renewed for one-year terms since the date of issuance.

Prior to the Roll-Up, Acreage Holdings held 50% of the outstanding equity interests in PWPA. Acreage Holdings completed the Roll-Up of PWPA on October 10, 2018 and now owns 100% of the outstanding equity interests of PWPA. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Summary of Roll-Up Transactions

The following table sets out the material terms of each Roll-Up Transaction:

Entity	State	Date of Closing	Pre-Roll-Up %	Post-Roll-Up %	Consideration for Transaction Related to Incremental Ownership (unaudited)					State Approval Required?
					Cash Payment ($)	Seller Notes ($)	Value of Class D Units ($)	Number of Class D Units	Total Consideration ($)	
Acquisitions of Primary Business										
PWCT and CAS	CT	September 13, 2018	17.5%	100.0%	$ 2,475,000	$ 478,500	$ 7,121,506	1,148,630	$ 10,075,006	Yes
WPMC	ME	May 25, 2018	39.0%	93.9%	$ 8,167,894	$ 1,125,000	$ 12,924,985	2,084,675	$ 22,217,879	No
PATCC	NH	July 3, 2018	12.0%	100.0%	$ -	$ 1,118,478	$ 14,964,122	2,413,568	$ 16,082,600	No
Subtotal of Acquisitions of Primary Business					**$ 10,642,894**	**$ 2,721,978**	**$ 35,010,613**	**5,646,873**	**$ 48,375,485**	
Other Acquisitions										
HSRC	CA	Q4 2018	45.0%	100.0%	$ 554,184	$ -	$ 3,445,811	555,776	$ 3,999,995	Yes
NCC	IL	Q4 2018	30.3%	100.0%	$ 100,000	$ -	$ 1,294,008	208,711	$ 1,394,008	Yes
PCG	MA	July 2, 2018	20.0%	100.0%	$ -	$ 920,743	$ 21,045,689	3,394,466	$ 21,966,432	No
MA-RMD	MA	July 3, 2018	51.0%	100.0%	$ 1,363,348	$ 7,000,000	$ 999,998	161,290	$ 9,363,346	No
MMRC	MD	July 31, 2018	80.0%	100.0%	$ 202,167	$ -	$ 601,381	96,997	$ 803,548	Yes
NYCANNA	NY	August 15, 2018	20.0%	100.0%	$ 10,307,500	$ 2,237,500	$ 24,075,133	3,883,086	$ 36,620,133	Yes
Cannabliss & Co.	OR	June 20, 2018	65.0%	100.0%	$ 300,000	$ 760,474	$ 249,996	40,322	$ 1,310,470	Yes
PWPA	PA	October 10, 2018	50.0%	100.0%	$ 16,500,000	$ -	$ -	-	$ 16,500,000	N/A
Subtotal of Other Acquisitions					**$ 29,327,199**	**$ 10,918,717**	**$ 51,712,016**	**8,340,648**	**$ 91,957,932**	
Total Roll-Up Transactions					**$ 39,970,093**	**$ 13,640,695**	**$ 86,722,629**	**13,987,521**	**$ 140,333,417**	

Acreage Acquisitions

In addition to the Roll-Up Transactions, and as part of its overall business strategy, Acreage Holdings has completed, or expects to complete, a number of strategic acquisitions or investments (the "**Acreage Acquisitions**").

The following is an overview of each Acreage Acquisition:

Connecticut

Compassionate Care Center of Connecticut

D&B Wellness, LLC, d/b/a Compassionate Care Center of Connecticut ("**CCC-CT**"), is a limited liability company formed on October 15, 2013 under the laws of the State of Connecticut and operates a medicinal cannabis dispensary in Bethel, Connecticut. The dispensary opened in August 2014. CCC-CT received a Medical Marijuana Dispensary License from the State of Connecticut's Department of Consumer Protection on April 10, 2014, and this license has been continuously renewed for successive one-year terms on its anniversary date.

On May 31, 2018, Acreage Holdings entered into a MIPC Agreement with CCC-CT pursuant to which Acreage Holdings purchased 100% of the outstanding equity interests of CCC-CT. For further details in respect of the CCC-CT acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Florida

Nature's Way Nursery of Miami, Inc.

Nature's Way Nursery of Miami, Inc. ("**Nature's Way**") is a corporation formed on August 24, 1989 under the laws of the State of Florida. On July 13, 2018, Nature's Way and the State of Florida Department of Health entered into a settlement agreement, pursuant to which the State of Florida Department of Health agreed to register Nature's Way as a medical cannabis treatment center. Subject to the satisfaction of certain administrative conditions, Nature's Way is expected to be granted a license to operate a medical cannabis treatment center from the Florida Department of Health prior to the end of 2018.

On November 2, 2018, Nature's Way, Acreage and the shareholders of Nature's Way entered into a Securities Purchase Agreement, pursuant to which Acreage will acquire all of the outstanding equity interests in Nature's Way, on a cash-free, debt-free basis. Acreage agreed to pay a purchase price of $67,000,000 plus the amount of certain pre-closing expenses (approximately $600,000), less the indebtedness of Nature's Way as of closing and transaction expenses incurred and/or payable by Nature's Way. Upon execution of the Securities Purchase Agreement, $10,000,000 was deposited in escrow by Acreage and is governed by the terms of an escrow agreement. The deposit and its release is governed by the terms of the escrow agreement and is refundable to Acreage should the Securities Purchase Agreement be terminated by any party prior to the Initial Closing (as defined below).

It is anticipated that, Acreage's acquisition of Nature's Way will be completed in two stages. An initial closing (the "**Initial Closing**") will take place no later than January 7, 2019 and immediately following the transfer of all of the assets of the nursery business currently carried on by Nature's Way, and a final closing (the "**Final Closing**") will take place on the later of January 7, 2019 or the date that is three business days following the satisfaction or waiver of the conditions to closing specified in the Securities Purchase Agreement. At the Initial Closing, the $10,000,000 deposit amount is paid to the sellers in exchange for 5% of Nature's Way outstanding stock. At the Final Closing, the unpaid portion of the purchase price shall be paid in exchange for all outstanding securities of Nature's Way not then owed by Acreage. The sellers may elect, in aggregate, to receive up to $20,000,000 of purchase price paid at the Final Closing in Acreage Holdings Units rather than cash, with each Acreage Holdings Unit value at $25.00, which units will be subject to the redemption and exchange rights set out in the A&R LLC Agreement.

The Securities Purchase Agreement contains customary representations and warranties and indemnification obligations of Nature's Way and the sellers, and the completion of the agreement is subject to customary closing conditions.

For further details in respect of the Nature's Way acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Illinois

In Grown Farms 2, LLC

In Grown Farms 2, LLC ("**IGF**") is a series limited liability company of In Grown Farms LLC, an Illinois limited liability company, each formed on March 28, 2018 under the laws of the State of Illinois, and owns and operates a cannabis cultivation and processing facility in Freeport, Illinois. The 80,000 square foot facility contains a 3,000 square foot cultivation space and a kitchen and laboratory for processing. IGF is in the process of constructing a second 80,000 square foot facility. On March 9, 2015, the Illinois Department of Agriculture awarded IGF a cultivation center permit.

On October 15, 2018, Acreage Holdings entered into a securities purchase agreement with IGF and the seller named therein pursuant to which Acreage Holdings would purchase 100% of the outstanding equity interests in IGF owned by the seller. Consummation of the transaction is subject to customary conditions. For further details in respect of the IGF acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Iowa

Iowa Relief, LLC

Iowa Relief LLC ("**Iowa Relief**") is a limited liability company formed on May 17, 2018 under the laws of the State of Iowa for the purposes of operating a 32,000 square foot cultivation and processing medical cannabis facility in Cedar Rapids, Iowa. Acreage Holdings owns all of the outstanding equity interests in Acreage Iowa. On July 1, 2018, Iowa Relief received a license from the Iowa Department of Public Health to cultivate and manufacture medical CBD. This license expires November 30, 2018, but is renewable upon a payment of a fee to the State of Iowa and approval of a renewal application.

Massachusetts

South Shore BioPharma, LLC & Mass Medi Spa, Inc.

South Shore BioPharma, LLC ("**SSBP**") is a limited liability company formed on September 10, 2015 under the laws of the State of Delaware and provides management, operational and consulting services through a management agreement (the "**MMSP Management and Consulting Services Agreement**") with Mass Medi-Spa, Inc. ("**MMSP**"). MMSP is a non-profit corporation formed on August 7, 2013 under the laws of the State of Massachusetts and operates two dispensaries in Nantucket and Norwell. Pursuant to the MMSP Management and Consulting Services Agreement, SSBP operates and provides management services to MMSP and is entitled to receive a fixed price per pound of cannabis on a monthly basis. The initial term is 15 years and automatically renews for successive five year terms unless terminated by the parties in accordance with the terms of the MMSP Management and Consulting Services Agreement.

On June 29, 2015, the Massachusetts Department of Public Health issued MMSP a license to operate a cultivation and processing facility and a dispensary. To date, the license has been renewed without issue.

On May 4, 2018, Acreage Holdings entered into Securities Purchase Agreement with SSBP pursuant to which Acreage Holdings purchased 100% of the outstanding equity interests of SSBP. For further details in respect of the SSBP acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Acreage Holdings is not aware of any contingent or unrecorded liabilities assumed in connection with the foregoing acquisition.

Michigan

Blue Tire Holdings, LLC

Blue Tire Holdings, LLC ("**BTH**") is a limited liability company formed on August 30, 2018 under the laws of the State of Michigan that has established the right to lease and/or purchase certain real estate assets throughout the state by the execution of a series of option and purchase agreements. BTH has engaged in discussions with various municipalities in Michigan to secure municipal approval for operating regulated cannabis businesses using these real estate assets. BTH is not affiliated with any Acreage Holdings entity, but BTH will assist Acreage Holdings in establishing a Michigan based entity to operate regulated cannabis businesses within the state, and the real estate assets will be exclusively acquired for that purpose. At Acreage Holdings' sole direction, BTH will assign any of the real estate assets to Acreage Holdings in support of such licensing.

Acreage Holdings intends to structure its Michigan operation as one or more wholly owned subsidiaries of Acreage Holdings that will directly own and control all licenses granted by the State of Michigan. To the extent that Acreage Holdings is unable to directly obtain such licenses, BTH has agreed to create a management agreement structure with Acreage Holdings that will replicate the economics and control of the licensed businesses for the benefit of Acreage Holdings as if Acreage Holdings directly owned and controlled the licenses, while BTH maintains legal ownership of the licensed businesses. The management services agreement will contain such terms and conditions as may be agreed to by Acreage Holdings and BTH.

New Jersey

Compassionate Care Foundation, Inc.

Compassionate Care Foundation, Inc. ("**CCF**") is a non-profit corporation formed on February 4, 2011 under the laws of the State of New Jersey and operates a cultivation and processing facility and dispensary in Egg Harbor, New Jersey. On October 4, 2013, the New Jersey Department of Health issued CCF a license to operate its facilities. The license has been renewed without issue.

On May 9, 2018, Acreage Holdings entered into a convertible bridge loan (the "**CCF Bridge Loan**") with CCF pursuant to which Acreage Holdings agreed to loan CCF $2.0 million. In addition, Acreage Holdings entered into a revolving line of credit loan agreement (the "**CCF Loan**") with CCF pursuant to which it agreed to provide a $12.5 million revolving line of credit to CCF in exchange for a 5-year, convertible revolving promissory note, bearing interest at a rate of 18% per annum (the "**CCF Revolving Note**" and, together with the CCF Bridge Loan and CCF Loan, the "**CCF Transactions**"). The CCF Revolving Note shall automatically convert into a 54% equity stake in a newly-formed entity of Acreage Holding upon enactment of legislative reform to permit the cultivation and sale of cannabis for recreational purposes or to allow a for-profit entity to dispense medical cannabis. As of the date hereof, the CCF Bridge Loan and CCF Loan remain outstanding and $4.25 million is outstanding under the CCF Revolving Note.

On September 7, 2018, Acreage Holdings entered into a Master Services Agreement with CCF (the "**NJ Master Services Agreement**"), pursuant to which Acreage Holdings operates and provides management services to CCF and receives compensation in consideration therefor based upon a fixed monthly management fee and a fixed price per ounce of product sold by CCF for product sold in flower, bud or leaf form, and a fixed percentage of gross revenues for edible cannabis products. The NJ Master Services Agreement has an indefinite term but is terminable upon a material breach. It also terminates automatically upon the conversion of the CCF Transactions into equity interests in CCF.

For further details in respect of the CCF Transactions, see "-- *Summary of Acreage Acquisitions"* below.

North Dakota

Acreage North Dakota, LLC

Acreage North Dakota, LLC ("**Acreage ND**") is a limited liability company formed on March 29, 2018 under the laws of the State of Delaware and authorized to conduct business in North Dakota on April 9, 2018 for the purposes of operating a vertically integrated medical cannabis business cultivating, processing, transporting and dispensing medical cannabis in Fargo, North Dakota. Acreage ND has submitted an application to obtain a license to operate such business to the North Dakota Department of Health Division of Medical Marijuana and remains in the process of obtaining such license. Acreage Holdings owns all of the outstanding equity interests in Acreage ND.

Ohio

Greenleaf Therapeutics, LLC

Greenleaf Therapeutics, LLC ("**GL Therapeutics**") is a limited liability company formed on June 19, 2017 under the laws of the State of Ohio and operates a medical cannabis processing facility. On August 3, 2018, the Ohio Department of Commerce issued GL Therapeutics a provisional license to operate a processing facility in Middlefield under the Ohio Medical Marijuana Control Program. The provisional licenses expire on December 7, 2018. GL Therapeutics is in the process of obtaining a "permanent" certificate of operation, which certificate will be valid for two years following the date of issuance.

On July 2, 2018, Acreage Holdings entered into a series of agreements with OHMM, LLC ("**OHMM**") and GL Therapeutics, pursuant to which OHMM granted Acreage Holdings the right to acquire GL Therapeutics and provide management services to GL Therapeutics pending the closing of the acquisition.

Pursuant to the terms of a MIPC Agreement, dated July 2, 2018, among Acreage Holdings and OHMM, OHMM committed to sell all of the outstanding equity interests in GL Therapeutics to Acreage Holdings. The sale of the interests of GL Therapeutics is contingent upon GL Therapeutics holding its license for the required holding period under Ohio law before an entity is permitted to transfer control of such license.

Also on July 2, 2018, Acreage Holdings and GL Therapeutics entered into a credit agreement, security agreement, membership interest pledge agreement, indemnity, guaranty agreement and revolving secured promissory note (collectively, the "**GT Loan Documents**"), pursuant to which Acreage Holdings agreed to loan GL Therapeutics up to $5.5 million to fund operations. The note matures on July 30, 2023, and bears interest at the prime rate of interest per annum published from time to time in the Wall Street Journal, beginning on August 1, 2019. Acreage Holdings holds a first-priority security interest in all of the properties, assets and rights of GL Therapeutics under the GT Loan Documents.

On August 8, 2018, Acreage Holdings and GL Therapeutics entered into a Management Services Agreement, pursuant to which Acreage Holdings provides management and operational support to GL Therapeutics and receives monthly compensation in consideration therefor based upon a fixed percentage of GL Therapeutics' net profits. GL Therapeutics and Acreage Holdings also entered into a Development Agreement, pursuant to which Acreage Holdings agreed to manage and coordinate the design and construction of GL Therapeutics' processing facility.

For further details in respect of the GL Therapeutics acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Greenleaf Apothecaries, LLC

Greenleaf Apothecaries, LLC ("**GL Apothecaries**") is a limited liability company formed on June 19, 2017 under the laws of the State of Ohio and operates medical cannabis dispensaries. On June 7, 2018, the Ohio Board of Pharmacy issued GL Apothecaries five provisional licenses to operate dispensaries in Akron, Canton, Cleveland, Columbus and Wickliffe under the Ohio Medical Marijuana Control Program. The provisional licenses expire on December 7, 2018. GL Apothecaries is in the process of obtaining "permanent" certificates of operation, which certificates will be valid for two years following the date of issuance.

On July 2, 2018, Acreage Holdings entered into a series of agreements with OHMM and GL Apothecaries, pursuant to which OHMM granted Acreage Holdings the right to acquire GL Apothecaries and provide management services to GL Apothecaries pending the closing of the acquisition.

Pursuant to the terms of a MIPC Agreement, dated July 2, 2018, among Acreage Holdings and OHMM, OHMM committed to sell all of the outstanding equity interests in GL Apothecaries to Acreage Holdings. The sale of the interests of GL Apothecaries is contingent upon GL Apothecaries holding its licenses for the required holding period under Ohio law before an entity is permitted to transfer control of such license.

Also on July 2, 2018, Acreage Holdings and GL Apothecaries entered into a credit agreement, security agreement, membership interest pledge agreement, indemnity and guaranty agreement and revolving secured promissory note (collectively, the "**GA Loan Documents**"), pursuant to which Acreage Holdings agreed to loan GL Apothecaries up to $10.5 million to fund operations. The note matures on July 30, 2023, and bears interest at the prime rate of interest per annum published from time to time in the Wall Street Journal, beginning on August 1, 2019. Acreage Holdings holds a first-priority a security interest in all of the properties, assets and rights of GL Apothecaries under the GA Loan Documents.

Acreage Holdings and GL Apothecaries entered into a Management Services Agreement, pursuant to which Acreage Holdings provides management and operational support to GL Apothecaries and receives monthly compensation in consideration therefor based upon a fixed percentage of GL Apothecaries' net profits.

For further details in respect of the GL Apothecaries acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Greenleaf Gardens, LLC

Greenleaf Gardens, LLC ("**GL Gardens**") is a limited liability company formed on January 16, 2017 under the laws of the State of Ohio to operate a medical cannabis cultivation facility. GL Gardens sought the award of a license to operate its cultivation facility. GL Gardens is an intervenor in the pending state court lawsuit against the Department in Franklin County, Ohio, captioned *PharmaCann Ohio, LLC v. Jacqueline T. Williams, et al*., Case No. 17-CV-010962 (the "**GL Litigation**"). In such case, a number of applicants that applied to the Ohio Medical Marijuana Control Program for, but did not receive, provisional cultivation licenses have challenged the design, administration and execution of the process used to select provisional license awardees. GL Gardens intervened in the GL Litigation, solely asserting that the Ohio statutory framework for issuance of licenses under the Ohio Medical Marijuana Control Program is unconstitutional under the Ohio Constitution and the Fourteenth Amendment to the U.S. Constitution, both as applied and on its face. The parties to the GL Litigation have entered the discovery phase.

GL Gardens also has a pending administrative appeal challenging the decision not to award it a cultivator license. In such appeal, GL Gardens alleges the same claims and deficiencies as asserted in the GL Litigation.

On July 2, 2018, Acreage Holdings entered into a series of agreements with OHMM and GL Gardens, pursuant to which Acreage Holdings acquired the right to acquire GL Gardens and acquired the right to provide management services to GL Gardens pending closing of the acquisition.

Pursuant to the terms of a MIPC Agreement, dated July 2, 2018, among Acreage Holdings and OHMM, OHMM committed to sell all of the outstanding equity interests in GL Gardens to Acreage Holdings. The sale of the interests of GL Gardens is contingent upon the receipt GL Gardens of a cultivator provisional license and GL Gardens holding its licenses for the required holding period under Ohio law before an entity is permitted to transfer control of such license.

Also on July 2, 2018, Acreage Holdings and GL Gardens entered into a credit agreement, security agreement, membership interest pledge agreement, indemnity and guaranty agreement and revolving secured promissory note (collectively, the "**GG Loan Documents**"), pursuant to which Acreage Holdings agreed to loan GL Gardens up to $8.0 million to fund operations. The note matures on July 30, 2023, and bears interest at the prime rate of interest per annum published from time to time in the Wall Street Journal, beginning on August 1, 2019. Acreage Holdings holds a first-priority security interest in all of the properties, assets and rights of GL Gardens under the GG Loan Documents.

Acreage Holdings and GL Gardens entered into a Management Services Agreement, pursuant to which Acreage Holdings provides management and operational support to GL Gardens and receives monthly compensation in consideration therefor based upon a fixed percentage of GL Gardens' net profits. GL Gardens and Acreage Holdings also entered into a Development Agreement, pursuant to which Acreage Holdings agreed to manage and coordinate the design and construction of GL Gardens' processing facility.

Oklahoma

Acreage OK Holdings, LLC

Acreage OK Holdings, LLC ("**Acreage OK Holdings**") is a limited liability company formed on September 14, 2018 under the laws of the State of Oklahoma for the purposes of operating a vertically integrated medical cannabis business cultivating, processing, transporting and dispensing medical cannabis in Pocasset, Oklahoma. Acreage OK Holdings has submitted an application to obtain a license to operate such business to the Oklahoma Medical Marijuana Authority and remains in the process of obtaining such license.

Acreage Oklahoma, LLC ("**Acreage Oklahoma**") is a limited liability company formed on September 5, 2018 under the laws of the State of Oklahoma and owns 25% of the outstanding equity interests in Acreage OK Holdings. Acreage Oklahoma is a wholly owned subsidiary of Acreage Holdings. The remaining equity interests in Acreage OK Holdings are held by an unaffiliated third party, Greenjacks, LLC.

Acreage Oklahoma is the sole manager of Acreage OK Holdings. On October 1, 2018, Acreage Holdings, Acreage OK Holdings, Acreage Oklahoma, Greenjacks, LLC and Bobby Jackson entered into a Management Services Agreement, pursuant to which Acreage Oklahoma provides certain administrative, management and operational support to Acreage OK Holdings. In consideration for the services provided, Acreage Holdings receives a management fee equal to 100% of Acreage OK Holdings' monthly net income.

Rhode Island

Greenleaf Compassionate Care Center

Greenleaf Compassionate Care Center, Inc. ("**GCCC**") is a non-profit corporation formed on February 17, 2010 under the laws of the State of Rhode Island and operates a cultivation and processing facility in Newport and a dispensary in Portsmouth. On May 25, 2017, the Rhode Island Department of Business Regulation issued GCCC a license to operate its facilities. The license has been renewed without issue.

On October 9, 2018, Acreage Holdings entered into a securities purchase agreement among Acreage Holdings, GCCC Management, LLC ("**GCCCM**") and the holders of all of the outstanding equity in GCCCM, pursuant to which Acreage Holdings will acquire all of the outstanding equity in GCCCM. GCCCM and GCCC are in negotiations to enter into a master services agreement and a comprehensive integration agreement upon terms and conditions satisfactory to Acreage Holdings. Consummation of the transaction is subject to customary closing conditions, including satisfaction of diligence and approval by the State of Rhode Island.

Summary of Acreage Acquisitions

The following table sets out the material terms of each Acreage Acquisition:

Entity	State	Date of Closing	% Ownership acquired	Consideration for Transaction Related to Incremental Ownership (unaudited)					State Approval Required?
				Cash Payment ($)	Seller Notes ($)	Value of Class D Units ($)	Number of Class D Units	Total Consideration ($)	
Acreage Acquisitions									
CCC-CT	CT	May 31, 2018	100.0%	$ 250,000	$ 11,150,000	$ 3,100,000	500,000	$ 14,500,000	Yes
SSBP	MA	May 4, 2018	100.0%	$ 415,664	$ 2,056,367	$ 1,805,173	291,157	$ 4,277,204	Yes
IGF	IL	Pending	100.0%	$ 8,000,000	$ 7,500,000	$ -	-	$ 15,500,000	Yes
CCF	NJ	Pending	- %	$ 10,000,000	$ -	$ -	-	$ 10,000,000	Yes
GL Apothecaries	OH	July 2, 2018	- %	$ 4,162,500	$ 4,175,000	$ 4,162,500	671,371	$ 12,500,000	Yes
GL Therapeutics	OH	August 8, 2018	- %	$ 1,332,000	$ 1,336,000	$ 1,332,000	214,839	$ 4,000,000	Yes
GL Gardens	OH	Pending	- %	$ 1,665,000	$ 1,670,000	$ 1,665,000	268,548	$ 5,000,000	Yes
GCCC	RI	Pending	100.0%	$ 10,000,000	$ -	$ -	$ -	$ 10,000,000	TBD
Nature's Way[1]	FL	Pending	100.0%	$ 67,000,000	$ -	$ -	$ -	$ 67,000,000	TBD
Total of Acquisitions				**$ 35,825,164**	**$ 27,887,367**	**$ 12,064,673**	**1,945,915**	**$ 75,777,204**	

(1) As noted above, the sellers of Nature's Way may elect to receive up to $20,000,000 in consideration paid in Resulting Issuer subordinate voting shares in lieu of that amount in cash.

Other Investments

In addition to Acreage Holdings' interest in state-licensed cannabis cultivation, processing and dispensary operations, though its Subsidiaries, Acreage Holdings has also invested in non-core cannabis assets. While these investments are not part of Acreage Holdings' overarching business strategy, management believes that these investments are opportunistic and provide some additional diversification to its portfolio.

The following is a summary of each additional investment:

Colorado

Dixie Brands, Inc.

Dixie Brands, Inc. ("**Dixie**") is a corporation formed on May 5, 2014 under the laws of the State of Delaware. Dixie holds the exclusive licensing and intellectual property rights for the Dixie Elixirs and Edibles line of edibles, topicals and tinctures. Dixie has also established Therabis, a deliverable cannabis-based product to pets, and Aceso, a health and wellness product infused with CBD.

Dixie is currently operational in Colorado, California and Nevada, and sells more than 30 different products across 100 SKUs, representing one of the industry's leading brands of edibles, mints and energy shots. Melvin Yellin and Devin Binford, Managing Members of Acreage Holdings, sit on the board of directors of Dixie.

On March 31, 2015, Acreage Holdings entered into a Stock Assignment with Mr. Murphy pursuant to which it received 240,000 shares of common stock of Dixie from Mr. Murphy. See "*General Development of the Business - Selected Financings - Murphy Transaction*". On August 1, 2016, as part of an investment by Murphy Capital, LLC into Acreage Holdings, an additional 65,000 shares of common stock of Dixie were transferred to Acreage Holdings in exchange for 650,000 Acreage Holdings Class A Units.

On April 7, 2016, Acreage Holdings loaned $200,000 to Dixie and in return Dixie issued a promissory note in favor of Acreage Holdings to evidence such indebtedness (the "**Dixie Promissory Note**"). The Dixie Promissory Note had a maturity date of April 7, 2017. On July 31, 2018, Acreage Holdings converted the Dixie Promissory Note into 54,496 shares of Dixie common stock in full satisfaction of any amounts outstanding thereunder.

As a result of the foregoing transactions, as of the date hereof, Acreage Holdings owns 359,496 shares of common stock of Dixie, representing approximately 3% on a fully diluted basis. Acreage Holdings also owns warrants to acquire 27,548 shares of Dixie's common stock at $3.63 per share. The warrants expire on March 8, 2023.

Kalyx Development, Inc.

Kalyx Development LLC ("**Kalyx**") is a private real estate investment trust that acquires commercial and industrial properties for lease on a triple net basis to cannabis operators in states with legal medical and / or recreational cannabis industries. As of the date hereof, Acreage Holdings owns 656,434 shares of common stock and 50,000 shares of preferred stock of Kalyx, representing approximately 9% of Kalyx on a fully diluted basis.

Illinois

NCC Real Estate, LLC

NCCRE is a limited liability company formed on September 15, 2016 under the laws of the State of Illinois and owns a property containing a 5,600 square foot medical cannabis dispensary in Rolling Meadows, Illinois, which is leased to NCC. Acreage Holdings and owns 33.33% of the issued and outstanding membership interests of NCCRE.

The remaining two-thirds equity interests in NCCRE are owned by two entities unaffiliated with Acreage Holdings, each of which hold one third of the equity interests of NCCRE. The governance of NCCRE and the relationship between the members of NCCRE is governed by the limited liability agreement of NCCRE, dated June 27, 2016.

New Jersey

Wilkins Industrial Park, L.L.C. / DALD, LLC

Wilkins Industrial Park, L.L.C. ("**WIP**") is a limited liability company formed on June 10, 1994 under the laws of the State of New Jersey. WIP owns and operates a 110,600 square foot cannabis cultivation facility in Sewell, New Jersey. On April 9, 2018, Acreage Holdings entered into an Agreement of Option to Lease with WIP (the "**Sewell Option to Lease**") pursuant to which Acreage Holdings was granted the option to lease the facility upon the terms and conditions set forth in the Sewell Option to Lease. On September 10, 2018, WIP assigned its interest in the Sewell Option to Lease to DALD, LLC ("**DALD**"). DALD is a limited liability company formed on August 15, 2018 under the laws of the State of New Jersey. On November 7, 2018, Acreage Holdings exercised the Sewell Option to Lease, and DALD and Acreage Holdings entered into a Lease dated as of the same date (the "**Sewell Lease**"). Acreage Holdings has the right under the Sewell Lease to purchase the premises for $3,000,000 during the initial five-year term. The purchase price to acquire the premises during any subsequent terms will be the greater of $2.5 million and the appraised value. Acreage Holdings issued 419,355 Class D units valued at $6.20 per unit with a total value of $2.6 million upon exercising the Sewell Option to Lease.

Florida

Florida Wellness, LLC

Effective as of October 19, 2018, Acreage Holdings withdrew as a member and resigned as the manager of Florida Wellness, LLC ("**FLW**"), a limited liability company formed on June 27, 2016 under the laws of the State of Delaware for the purposes of investing in San Felasco Nurseries, Inc. ("**SFN**"). As a result, Acreage Holdings no longer holds any equity interests in FLW or SFN.

Upon withdrawal, FLW issued a $2.44 million promissory note to Acreage Holdings, due and payable upon the earlier of (i) six months after October 19, 2018 and (ii) five days following the closing of a transaction resulting in the transfer of SFN to an acquiring unrelated third party. Interest on the note accrues at 6.0% per annum.

Also in connection with the withdrawal, Acreage Holdings agreed to provide for the issuance of 5, 575 Resulting Issuer Warrants with a strike price equal to the price per share of the Finco SR Financing. These warrants will be issued to the remaining members of FLW on a pro rata basis.

Dispositions

Compass Ventures, Inc. ("**Compass**") was formed on April 10, 2014 under the laws of the State of Illinois and holds a cultivation center permit granted by the State of Illinois Department of Agriculture. On February 24, 2017, Acreage Holdings entered into an operating agreement (the "**Compass Operating Agreement**") with Compass pursuant to which Acreage Holdings acquired 24.5% of the outstanding membership units in the capital of Compass and 47.5% of Compass' ongoing net income, net losses and distributions. The Compass Operating Agreement further provides that Compass' original members receive a 5% preferential claim on all future distributions.

Greenhouse Compass, LLC ("**Greenhouse Compass**") was formed on January 25, 2017 in the State of Illinois and holds a Registered Medical Cannabis Dispensing Organization license granted by the State of Illinois Department of Financial and Professional Regulation. On February 24, 2017, Acreage Holdings entered into an operating agreement (the "**Greenhouse Compass Operating Agreement**") with Greenhouse Compass pursuant to which Acreage Holdings acquired 24.5% of the outstanding membership units in the capital of Greenhouse Compass and 47.5% of Greenhouse Compass' ongoing net income, net losses and distributions. The Greenhouse Compass Operating Agreement further provides that Greenhouse Compass' original members receive a 5% preferential claim on all future distributions.

On August 31, 2016, Acreage Holdings and Greenhouse Group, LLC ("**Greenhouse Group**") formed two joint venture operating companies, HSGH Properties, LLC and HSGH Properties Union, LLC (collectively, the "**HSGH Joint Ventures**").

On March 6, 2018, Acreage Holdings entered into an equity purchase agreement with Greenhouse Group to sell its equity interests in Compass, Greenhouse Compass and the HSGH Joint Ventures for total consideration of approximately $9.6 million. The transaction closed on May 14, 2018.

3.2 Significant Acquisitions and Dispositions

Significant Acquisitions

None of the Roll-Up Transactions or Acreage Acquisitions, as applicable, constitutes a "significant acquisition" within the meaning of Form 41-101F1, however, certain Roll-Up Transactions and Acreage Acquisitions, as applicable, constitute a "significant acquisition" for which financial statements would otherwise be required under National Instrument 41-101 - *General Prospectus Requirements* if this Listing Statement were a prospectus. Pursuant to Item 32 of Form 41-101F1, the financial statements to be included in this Listing Statement must include, among other things, the financial statements of a business or businesses acquired within the past two years or proposed to be acquired, if a reasonable investor reading the prospectus would regard the primary business to be the business or businesses acquired or proposed to be acquired (the "**Primary Business**").

Acreage Holdings has prepared and included standalone financial statements in this Listing Statement for each Roll-Up Transaction and Acreage Acquisition, as applicable, in respect of a Subsidiary that constitutes a Primary Business and is material to Acreage Holdings, being CCC-CT, PWCT, PATCC and WPMC. See "*General Development of the Business - General Development of the Business*" for further details concerning each of CCC-CT, PWCT, PATCC and WPMC and the Roll-Up Transactions and Acreage Acquisitions, as applicable.

No financial statements for Subsidiaries subject to the Roll-Up Transactions or Acreage Acquisitions, as applicable, which do not constitute a Primary Business, being those Subsidiaries whose principal assets are comprised of either management contracts or licenses (grow or dispensary) with no operational activities, or which would constitute a Primary Business but is otherwise immaterial to Acreage Holdings' business and operations, as a whole, have been included in this Listing Statement.

Pursuant to an application made to the Ontario Securities Commission, as principal regulator, Pubco obtained an order from the Ontario Securities Commission dated November 13, 2018 exempting Pubco from: (A) the requirements in subparagraph 4.10(2)(a) of NI 51-102 and item 5.2 of Form 51-102F3 *Material Change Report* to provide (i) audited annual financial statements for each of the Acquisition Entities for each of their three most recently completed financial years, (ii) comparative interim financial statements for each of the Acquisition Entities in respect of the most recently completed interim period completed prior to the Business Combination, (iii) management's discussion and analysis in respect of each of the financial statements referred to in (i) and (ii); and (B) from the requirements to include audited annual financial statements of Pubco, Acreage Holdings and each of the Material Acquisitions for the third most recently-completed financial year.

Please refer to the pro forma financial statements of the Resulting Issuer attached hereto as Schedule "G" to view the effect of the Roll-Up Transactions and Acreage Acquisitions that constitute material Primary Businesses on the operating results and financial position of the Resulting Issuer.

Significant Dispositions

No disposition was completed during the most recently completed financial year or current financial year which would constitute a "significant disposition" for which financial statements would be required under NI 41-101 if this Listing Statement were a prospectus.

3.3 Trends, Commitments, Events or Uncertainties

On February 8, 2018, the Canadian Securities Administrators issued Staff Notice 51-352 (Revised) - *Resulting Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**") which provides specific disclosure expectations for issuers that have U.S. cannabis-related activities. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents. In accordance with the Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
All Resulting Issuers with U.S. Marijuana-Related Activities	Describe the nature of the Resulting Issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	*Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*Cover Page (disclosure in bold typeface)*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the Resulting Issuer conducts U.S. marijuana-related activities.	*Section 1.3 Cautionary Statement Regarding the Business* *Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business* *Section 17 - Risk Factors*
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the Resulting Issuer's ability to operate in the U.S.	*Section 17 - Risk Factors*
	Given the illegality of marijuana under U.S. federal law, discuss the Resulting Issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	*Section 4 - Narrative Description of the Business* *Section 17 - Risk Factors*
	Quantify the Resulting Issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	*Section 5 - Selected Consolidated Financial Information* Schedules "C", "E" and "G" to the Listing Statement. **Note: at the time of the Listing Statement, the major operations of the Resulting Issuer are only in the United States**
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	Legal advice has been obtained.
U.S. Marijuana Resulting Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Resulting Issuer operates and confirm how the Resulting Issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business*
	Discuss the Resulting Issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the Resulting Issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the Resulting Issuer's license, business activities or operations.	*Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business* *Section 17 - Risk Factors*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
U.S. Marijuana Resulting Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Resulting Issuer's investee(s) operate.	*Section 4 -Narrative Description of the Business*
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the Resulting Issuer is aware, that may have an impact on the investee's license, business activities or operations.	*Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business*
U.S. Marijuana Resulting Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Not applicable.*

Regulatory Overview

In accordance with Staff Notice 51-352, a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where Acreage Holdings is currently directly involved through its Subsidiaries can be found under *"Market Information, Trends, Commitments, Events and Uncertainties Usage of Cannabis"*. The Subsidiaries are directly engaged in the manufacture, possession, use, sale or distribution of cannabis in the recreational and/or medicinal cannabis marketplace in the following U.S. states: California, Florida, Illinois, Iowa, Maryland, New Hampshire, New York, North Dakota, Oregon and Pennsylvania. In addition, Acreage Holdings has pending transactions which, if consummated, would result in it being engaged, through its Subsidiaries, in the manufacture, possession, use, sale or distribution of cannabis in the recreational and/or medicinal cannabis marketplace in the following additional U.S. states: Connecticut, Illinois, Iowa, Massachusetts, New Jersey, North Dakota, Ohio, Oklahoma and Rhode Island. In accordance with Staff Notice 51-352, Acreage Holdings will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and any supplements or amendments hereto will be reflected in, and provided to, investors in public filings of the Resulting Issuer, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Any non-compliance, citations or notices of violation which may have an impact on any Subsidiary's licenses, business activities or operations will be promptly disclosed by the Resulting Issuer.

Recently, news media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States-Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time. See *"Risk Factors - Risks Generally Related to the Resulting Issuer - Key Personnel"* and *"Risk Factors - Risks Generally Related to the Resulting Issuer - Canada-United States Border Risks"*.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Narrative Description of the Business

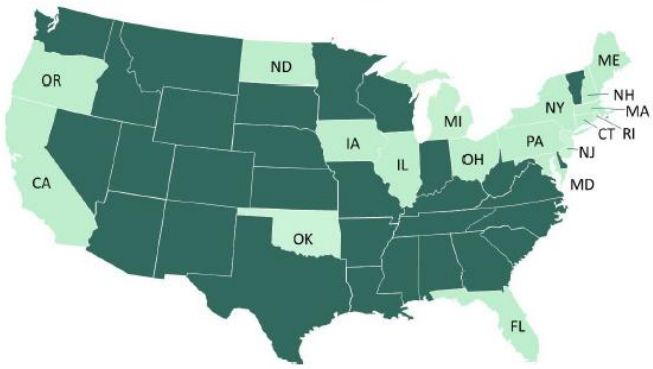
Prior to the RTO, Pubco had no active business operations aside from seeking business opportunities. Upon effecting the RTO, the below description of Acreage Holdings business will become that of the Resulting Issuer.

Acreage Holdings Overview

Acreage Holdings is one of the United States' largest vertically integrated, multi-state operators in the cannabis industry. Headquartered in New York, the operations of the business include cultivating, processing, distributing and retailing high-quality, effective cannabis. Acreage Holdings markets to medical and adult-use customers through brand strategies intended to build trust and loyalty.

Acreage Holdings and its Founder, Chairman and CEO, Mr. Murphy, have been at the forefront of professional, legal cannabis since Mr. Murphy's initial investment into Maine in 2011. Since that time, Acreage Holdings has acquired and won cannabis licenses as one of the most trusted and capable operators in this space.

The Acreage Footprint



Today, the footprint of Acreage Holdings spans 14 states, a combination of medical and adult-use markets covering 133 million people. By including anticipated acquisitions, that footprint expands to 17 states covering 165 million people, over half of the U.S. population). With experience in both medical and adult-use markets, Acreage Holdings has the experience and knowledge to capitalize on the transition from medical to adult-use in a way that satisfies consumers and policymakers alike.

Currently, Acreage Holdings' footprint can be categorized by three development stages: license procurement (via application or acquisition), buildout and operational deployment. Cannabis is a young industry and Acreage Holdings currently has state-based operations in each of these development stages. The lead time to deploy a market can be substantial, especially on the cultivation and processing side of the business where structural build-outs are complex and generally involve compliance with complex and dynamic regulatory environments.

As noted in Section 3, beginning in April 2018, Acreage Holdings focused its business strategy on acquiring control over the Subsidiaries (i.e., entities other than Dixie, Kalyx, WPMC and NCCRE) in which it had an existing investment. With the exceptions noted in Section 3, all Subsidiaries are now 100% owned and controlled by Acreage Holdings. The Roll-Up, which, as discussed in Section 3, is substantially complete was necessary to realize the full opportunity for Acreage Holdings, creating corporate synergies for increased revenue growth and margins.

In anticipation of the Roll-Up, Acreage Holdings formed centralized operations and marketing teams that span across all markets in which it is involved with the objective of bringing economies of scale and operational consistency to the business. The team focuses on several important aspects of the business including construction, product development, retailing and marketing, in pursuit of a consistent and compelling experience within its stores and with its products. Acreage Holdings believes that its professional management team, recruited from adjacent industries, will be a differentiator in terms of its operational agility and ability to deliver on its vision.

Acreage Holdings organizes its operations as follows:

Components of Acreage Holdings' Cannabis Operations	
Cultivation	The growing of cannabis, typically conducted in controlled, indoor facilities or greenhouses. Outdoor cultivation occasionally occurs in certain markets in which regulations allow.
Processing	The production of sellable cannabis products, most typically "derivative" products that require extraction of cannabinoids for use in vape pen oils, lotions, tinctures and extracts. Processing includes the formulations and packaging for all branded products.
Retail	The dispensing of cannabis products to patients or adult-use customers via storefronts that are typically referred to as dispensaries.
Distribution	The wholesaling of cultivated or processed cannabis products to third-party retailers.

Acreage Holdings has licenses which permit it to engage in any or all of cultivating, processing, retailing and/or distributing legal cannabis in 14 states, of which 11 are currently in operation.

Of the licenses held by Acreage Holdings, it has licenses to operate cultivation facilities in nine states, of which seven are currently operating and Acreage Holdings anticipates an eighth to be operational before the end of 2018.

In most states, Acreage Holdings' processing facilities are co-located with its cultivation facilities. Acreage Holdings has licenses to process in nine states, of which seven are currently operational.

Acreage Holdings has licenses to operate 34 retail dispensaries in 11 states, of which 15 of such dispensaries are currently operational in seven states. By the end of 2018, Acreage Holdings anticipates opening an additional six dispensaries, including facilities in two additional states.

The following table provides a summary of Acreage Holdings operations:

The Acreage Holdings Portfolio				
#	State	Operating YE 2018	Vertically Integrated	State Highlights
1	California	Yes	No	Boutique grow and manufacturing as a hub for branded products and distribution
2	Connecticut	Yes	No	Two of nine dispensaries operating in the state
3	Illinois	Yes	Yes	One dispensary currently operating with cultivation coming online in 2019
4	Iowa	No	No	One of two cultivator/manufacturers in the state
5	Maine	Yes	Yes	Four of eight dispensaries in the market with a grow processor facility
6	Maryland	Yes	No	One of 102 retail licenses, dispensary located in Baltimore
7	Massachusetts	Yes	Yes	Licensed to open nine dispensaries (six via managed services relationship) with a 36,000 sq. ft cultivation and processing facility
8	Michigan	No	Yes	Local commercial relationship with real estate approved for use in cannabis business. Commercial partner in the process of obtaining licenses for vertical operation with 3+ retailers
9	New Hampshire	Yes	Yes	One dispensary located in Merrimack, densest portion of state
10	New Jersey	Yes	Yes	Acreage owns one of six vertical licenses in the state, adult use bill expected in 2019
11	New York	Yes	Yes	One of 10 vertical licenses with three retailers opening this year and one opening in early 2019.
12	North Dakota	No	No	Won dispensary license to be located in Fargo
13	Pennsylvania	Yes	No	High end indoor grow and manufacturing facility
14	Ohio	Yes	No	Five of 60 authorized dispensaries. One of only three applicants to be granted the maximum five dispensaries. Processing license.
15	Oregon	Yes	Yes	Five active dispensaries with a recently added cultivation facility
16	Rhode Island	Yes	Yes	One of three vertically integrated operations in the state

In addition to the above, Acreage Holdings has entered into agreements to expand its operations into Rhode Island, Florida and Michigan, and to expand existing operations in Illinois. Of these pending agreements, only Rhode Island has facilities that are currently operational.

Pending Acquisitions				
#	State	Operating YE '18	Vertically Integrated	State Highlights
1	Rhode Island	Yes	Yes	Signed agreement for one of the three vertical licenses in the state. Dispensary located in Portsmouth
2	Florida	No	Yes	Signed agreement for one of the 13 vertical licenses in the state with the right to open up to 30 dispensaries
3	Illinois	No	Yes	Pending acquisition of a cultivation license to create vertical integration with Acreage Holdings' dispensary.

As noted in Section 3, in certain states, state regulations require that licenses be held by non-profit entities which are also responsible for the conduct of business under those licenses. In those states, Acreage Holdings or one of its wholly-owned Subsidiaries have entered into management agreements which require Acreage Holdings to provide certain management and operational services to those entities in exchange for participatory economics, in each case as described in Section 3.

Acreage Holdings plans to continue its expansion, with active efforts underway to acquire new and existing licenses in states where it does not currently have operations, as well as to acquire additional capabilities and facilities within its existing states.

As at November 12, 2018, Acreage Holdings had approximately 280 full-time employees, on a consolidated basis with the Subsidiaries.

Market Overview

The legal U.S. cannabis industry is projected to reach $11 billion in 2018, rising to $23.4 billion in 2022 (*The Arcview Group - The State of Legal Marijuana Markets (6th Edition)*). Currently, 30 states and the District of Columbia in the U.S. have legalized and implemented a medical cannabis program. Nine states and the District of Columbia have also legalized the adult-use of cannabis.

Because states are independently legalizing cannabis use, almost every state has a different approach to its program. Patient conditions, market structures, consumption methods, product testing and packaging requirements are just a few of the variables that differentiate each program. The variances in the implementation of cannabis regulations can account for differences in patient adoption rates and per capita cannabis consumption.

Operating a cannabis business almost always requires a license from a state regulatory board and usually local municipality approval. Nearly all operations require some license from a state and/or a municipal regulatory body. While licensing rules vary from state to state, we generally seek to enter markets that have restrictions on the number of licenses available. Some markets (such as Ohio) have different licenses for each aspect of the business: cultivation, processing or retail dispensary establishment. Other states (such as New York) have issued combination licenses that incorporate two or more of these business activities into a single license. A core business strategy for Acreage Holdings is to operate as a vertically integrated enterprise, licensed to cultivate, process, and sell legal cannabis products. Acreage Holdings is vertically integrated in half of the states in which we are licensed to operate, and plans to transform virtually all of the others to vertically integrated markets as part of our strategic growth strategy.

Adult Use

Nine states, plus the District of Columbia, have legalized adult use cannabis, giving access to over 70 million Americans. Except for Vermont, Maine and the District of Columbia, adult use programs with regulations and taxation for cultivation, processing and dispensing have been implemented. Ballot initiatives or legislative actions are being widely discussed in numerous other states.

Medical Cannabis

Over half of the United States has legalized medical cannabis for its citizens, however, as noted above, these programs vary greatly. Some programs are robust with healthy regulations to give access to patients with a wide range of qualifying conditions. Other states are more restrictive, with a much more narrow set of qualifying conditions. The difference in qualifying conditions, among others, are the key factors influencing the adoption rate of a medical cannabis programs.

Not including the 10 markets that legalized adult use cannabis, there are 22 states that have medical cannabis utilizing THC and 16 others with restrictive low/no THC program.

Total Funds Available

Acreage Holdings has historically relied upon convertible debt and equity financings to satisfy its capital requirements and may require further capital to finance its development, expansion and acquisition activities moving forward.

The pro forma working capital position of the Resulting Issuer as of June 30, 2018, after giving effect to the RTO, as if it had been completed on that date, was approximately $387 million. This amount reflects the combined working capital of Acreage Holdings and Pubco as at June 30, 2018, as well as the RTO and related transactions discussed in further detail in the consolidated pro forma balance sheet of the Resulting Issuer, which is attached hereto as Schedule “G”. These transactions include the Acreage Holdings Note Financing as well as the Finco SR Financing.

The Finco SR Financing

In connection with the RTO, Finco completed the Finco SR Financing at a price of $25.00 per Finco Subscription Receipt (the "**SR Offering Price**") for gross proceeds of $314,153,600. On November 14, 2018, upon satisfaction of the Escrow Release Conditions, each Finco Subscription Receipt was automatically exchanged for one common share of Finco without payment of additional consideration or further action on the part of the holder in accordance with the Subscription Receipt Agreement. The common shares of Finco issued upon exercise of the Finco Subscription Receipts were exchanged for Subordinate Voting Shares pursuant to the RTO.

In connection with the Finco SR Financing, Acreage Holdings paid a cash fee to the Agents equal to 6.0% of the gross proceeds of the brokered portion of the Finco SR Financing in accordance with the terms and conditions of the Agency Agreement (such cash fee was reduced to 2.5% in respect of sales to subscribers on the president's list) and a financial advisory fee in the amount of $3,000,000 in connection with the non-brokered portion of the Finco SR Financing. As additional consideration, the Agents were granted Compensation Options ("**Compensation Options**") entitling the Agents to subscribe for that number of common shares of Finco as was equal to 2.0% of the number of Finco Subscription Receipts issued under the brokered portion of the Finco SR Financing (such number of Compensation Options was reduced to 1.5% in respect of sales to subscribers on the president's list). Each Compensation Option is exercisable for one Subordinate Voting Share (subject to any necessary adjustments) at the SR Offering Price for a period of 24 months following the date the Escrow Release Conditions are satisfied.

Purpose of Funds

Upon completion of the RTO, the Resulting Issuer expects to have approximately $316.2 million available for the principal purposes of supporting ongoing mergers and acquisitions activities, capital expenditures and general corporate purposes. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Resulting Issuer will be available, if required. It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the forthcoming 12-month period. The amounts shown in the table below are estimates only and are based on the information available to the Resulting Issuer as of the date of this Listing Statement.

Forecast 12 Month Budget

Expected Funds Available to the Resulting Issuer (1)	$387,211,000
Payment of Seller Notes	(30,000,000)
Cost of Issuance	(19,000,000)
Withholding Tax Payment(2)	(22,042,075)
General and Administrative Expenses	(20,000,000)
Committed Acquisition and Subsequent Build-Out	(102,000,000)
Future Capital Expenditures	(85,500,000)
Excess Funds Available to the Resulting Issuer for General Working Capital	$108,668,925

Notes:
(1) The Resulting Issuer expects to have positive cash from operations over the next 12 months to contribute to funding its ongoing operations.
(2) In connection with the Reorganization, non-U.S. holders of Acreage Holdings Units will generally be subject to U.S. withholding tax under Code Section 1446(f) upon the disposition of Acreage Holdings Units equal to 10% of the fair market value of shares received in the exchange, or approximately $22 million, based on the SR Offering Price of Subordinate Voting Shares. The Resulting Issuer will withhold 10% of the Subordinate Voting Shares delivered to non-U.S holders, or approximately 900,000 Subordinate Voting Shares, and the Resulting Issuer may cancel such Subordinate Voting Shares. In the case of the cancellation of such shares, the Resulting Issuer will pay the resulting tax withholding tax obligation out of the use of proceeds from the Finco SR Financing. The Resulting Issuer reserves the right to facilitate the sale of such shares and, in such case, to remit the proceeds thereof in satisfaction of its withholding tax obligation.

Ability to Access Public and Private Capital

Due to the present state of the laws and regulations governing financial institutions in the United States, certain banks refuse to provide banking services to businesses involved in the cannabis industry. Consequently, Acreage Holdings may not be able to obtain bank financing in the United States or financing from other United States federally regulated entities**.**

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Resulting Issuer. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants.

Acreage Holdings has historically, and continues to have, robust access to equity and debt financing from exempt markets in the United States. Acreage Holdings' executive team and management have extensive relationships with sources of private capital (such as funds and high net worth individuals).

Acreage Holdings has historically, and continues to have, robust access to equity and debt financing from the markets in the U.S. and Canada. Specifically: (i) on November 15, 2017, Acreage Holdings issued convertible promissory notes for gross proceeds of $31 million; (ii) On August 2, 2018, Acreage Holdings issued 19,352,143 Class E Membership Units for gross proceeds of approximately $119 million; and (iii) in connection with the RTO, on November 13, 2018, Acreage Holdings closed the Finco SR Financing for gross proceeds of approximately $315 million. Additionally, Acreage Holdings expects to raise capital, both in the form of debt and new equity offerings, during the next fiscal year.

Acreage Holdings also expects to generate adequate cash to fund its continuing operations. Acreage Holdings' business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements.

There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See *"Risk Factors - Risks Generally Related to the Resulting Issuer - Additional Financing"*.

Principal Products and Services

Acreage Holdings focuses on the cultivating, processing, distributing and retailing of top quality cannabis, cannabis derivative products and branded products. Prior to the Roll-Up, the various Subsidiaries had different product portfolios. As Acreage Holdings obtained full operational control as the result of the Roll-Up, it has pursued a hybrid branding approach, leveraging the loyalty and trust of The Botanist, Acreage Holdings' flagship retail brand, while acknowledging the power of a 'House of Brands' approach to target specific form factors and consumer demographics.

The Botanist retail concept was developed to bring a unique, consistent and scalable retail design and customer experience to cannabis, one that would appeal to a wide range of both adult-use and medicinal cannabis customers nationwide. Emphasizing the holistic and natural qualities of cannabis and delivered in an immersive retail experience that blends nature and science, The Botanist looks to deliver a level of education, sense of community, and welcoming experience Acreage Holdings believes is lacking in most cannabis dispensaries. The staff is highly trained and knowledgeable to help provide insight and guidance to customers and patients as they explore the far-reaching benefits of cannabis.

The Botanist core set of products includes but is not limited to flower, pre-rolls, vape pens, tinctures and capsules. Acreage Holdings aims to sell as many product forms in its dispensaries as individual state regulations allow. The Botanist portfolio will be rolled out across all of Acreage Holdings' assets, in conjunction with the implementation of strict standard operating procedures and robust quality control processes, allowing Acreage Holdings to provide consumers with nearly identical products across markets. This portfolio branding and standardization emphasizes The Botanist's promise of consistent, reliable and effective products, regardless of location.

Acreage Holdings supplements these categories with a 'House of Brands' approach to target more specific consumer needs. Diverging consumption methods requires unique brands to fulfill differentiated value propositions in categories such as edibles, beverages, topicals and concentrates. A variety of extraction methods will be used ranging from CO2 to butane to ethanol depending on the product requirements. Acreage Holdings boasts one of the top extraction teams in the cannabis industry, holding over 30 Cannabis Cup medals and led by Bill Fenger, the creator of 'Live Resin', a popular extraction technique which maintains the full spectrum of cannabinoids and terpenes to create superior products. With this deep technical cannabis experience supported with a robust in-house data analytics team, Acreage Holdings will utilize an agile product development workflow to continuously produce, test and launch new products. Data-driven decision making will inform which products to scale in which markets across Acreage Holdings' footprint, acknowledging the diversity of markets in the United States. Acreage Holdings' brands all hold the same consumer promise, that across every price point, Acreage Holdings delivers the absolute highest quality cannabis product.

The Subsidiaries are actively cultivating, manufacturing, distributing or retailing products in 11 states. As Acreage Holdings continues to standardize operating procedures of its Subsidiaries, full branded suites of products will begin to enter the market in the fourth quarter of 2018.

Operational Integration

In anticipation of the Roll-Up, Acreage Holdings built an operations team to be focused on integrating the properties acquired during and after the Roll-Up into a nationwide platform. Acreage Holdings is intently focused on becoming the first nationwide cannabis company operating to exceptionally high standards of efficiency, quality-control and customer satisfaction.

Prior to the completion of the Roll-Up, many of the Subsidiaries were operating independently and now require integration into a single operating model. The primary points of integration will be as follows:

- Rebranding of Retail Dispensaries: Currently, all but one of the Subsidiaries' open dispensaries are being operated under their original retail flags. Over the next 18 months, Acreage Holdings plans to transition those brands to one consistent retail brand and customer experience model: "The Botanist." This conversion will allow Acreage Holdings to build a national, trusted brand, leveraging Acreage Holdings' growing voice to drive awareness and traffic.

- Product Standardization: In order to fully capitalize on its geographic breadth and scale, Acreage Holdings needs to be able to consistently replicate branded products across its multiple markets. This requires the standardization of processes and equipment across the Subsidiaries' cultivation and processing facilities. This exercise includes the conformity of equipment platforms as well as the adoption of universal standard operating procedures and formulations.

- Systems Integration: A key focus for Acreage Holdings will be implementing consistent systems and technology across the businesses of the Subsidiaries. This integration exercise includes the unification of general ledger, enterprise resource planning and other software platforms. This initiative will allow for enhanced reporting capabilities, robust data collection and analysis.

Growth Strategy

Acreage Holdings intends to expand into new markets as well as its existing markets with more retail dispensaries, operational capabilities and unique product offerings. Acreage Holdings intends to pursue growth in the following ways:

- opening incremental dispensaries permitted under current licenses
- expansion of cultivation and processing capabilities
- expansion of vertically integrated capabilities
- broad distribution of Acreage Holdings' branded product portfolio
- entering new markets via application or M&A

Opening Incremental Dispensaries Permitted Under Current Licenses

In many states, the Subsidiaries still have the opportunity to open up incremental dispensaries that are permitted under the current licensing structures. The rapid build out of dispensary locations will be the largest driver of Acreage Holdings' revenue growth.

- Massachusetts: The first three Massachusetts dispensaries are expected to be opened by year-end 2018. PWC has licenses (via management services contracts) to open six additional dispensaries.

- Florida: If a potential acquisition in Florida is completed, Acreage Holdings will have the opportunity to open 30 dispensaries in Florida.

- Michigan: Pending completion of the joint venture with BTH, Acreage Holdings, under a managed services agreement, aims to open and operate at least three The Botanist dispensaries next year focusing on top population centers in the state, including Detroit, Ann Arbor, Flint and Lansing. Real estate has already been secured. Acreage Holdings anticipates it will be able to begin managed services operations quickly upon BTH's receipt of the licenses. Separately, Acreage Holdings is currently working through the local and state licensing approval process. Once approved, ownership of the assets under the managed services partnership will be transferred to Acreage Holdings.

- New York: NYCANNA is licensed to open four stores throughout the state. Three are expected to open by the end of 2018 with the fourth expected to open in early 2019. In keeping with the terms of the license, NYCANNA will launch Botanist dispensaries in Buffalo, Middletown, Queens and Farmingdale.

- North Dakota: After winning one of eight dispensary licenses, Acreage Holdings will locate The Botanist in Fargo and expects to be open in Q4 2019.

- Ohio: Through a management services arrangement, Acreage Holdings has access to five dispensary licenses to be located in Cleveland, Akron, Columbus, Canton and Wickliff. With a new and rapidly growing market, speed to market will be vital and Acreage Holdings expects to open all five stores in the first quarter of 2019.

- New Jersey: In addition to the one existing dispensary operating in New Jersey, Acreage Holdings believes that it has the ability under the current license held by CCF to open two additional dispensaries in the southern part of the state. Acreage Holdings is currently procuring locations for these two additional The Botanist dispensaries.

Expansion of Cultivation and Processing Capabilities

Acreage Holdings aims to build scalable cultivation and processing capabilities, bringing additional capacity online as justified by demand. Nearly all of Acreage Holdings' facilities contain room for expansion on property either within an existing structure or in an adjacent structure. Usually the cost for expansion is substantially lower than the initial cost given scalability of the non-canopy space to accommodate additional throughput.

- Florida: Pending completion of the proposed Florida acquisition, Acreage Holdings will seek a development site for the location of a greenhouse and indoor cultivation facility. The Florida license has no restrictions on canopy (the area of a cultivation facility actually used to grow cannabis) and management's expectation is to develop a property with the capacity for several hundred thousand square feet of cultivation space.

- Illinois: Pending completion of the proposed Illinois acquisition, Acreage Holdings intends to finish construction on the cultivation and processing facility in Freeport, Illinois. Construction on the 80,000 square foot facility was started by the prior owner in Freeport and has additional land to scale, if needed.

- Massachusetts: A 36,000 square foot facility in Sterling, Massachusetts, will be reserved for high quality indoor flower. In Rockland, a processing center is currently under construction which will create derivative products from wholesale cannabis.

- Maine: Currently in a 40,000 square foot building with nearly 12,000 square feet of canopy, WCM expects to expand capacity in 2019 to a total of nearly 24,000 square feet reflecting the estimated incremental demand.

- New Hampshire: PATCC operates 8,000 square feet of canopy with significant room for expansion within the 30,000 square foot building.

- New Jersey: A small 3,600 square foot indoor grow was being utilized by the operator before Acreage Holdings acquired CCF. To prepare for the increased demand throughout the state, Acreage Holdings is retrofitting a 125,000 square foot commercial greenhouse to provide 96,000 square feet of canopy in addition to full processing capabilities. The full available canopy will not be utilized until demand ramps up in the state.

- New York: With a 70,000 square foot cultivation and processing building, NYCANNA is prepared to scale up operations through an option to purchase adjacent land and construct a greenhouse which could support 100,000 square feet of greenhouse canopy. NYCANNA will monitor policy changes to inform estimated demand and build accordingly.

- Oregon: With completion expected in November 2018, Cannabliss & Co. will have 9,000 square feet of indoor canopy in a 30,000 square foot building. High-end, proprietary strains will be grown to service the five-dispensary footprint with the remaining space to be allocated to manufacturing once a processing license is secured.

- Pennsylvania: With its first harvest in May 2018, PWPA has 15,000 square feet of indoor capacity with adjacent land ready to build a greenhouse when demand in the market supports expansion. The Pennsylvania facility can support up to 100,000 square feet of greenhouse canopy.

- California: An oversupply in raw cannabis is expected by management, thus Acreage Holdings is not focused on scaling cultivation. Acreage Holdings' subsidiary, CWG, has 2,500 square feet of indoor canopy, housed in a 20,000 square foot building. CWG uses the remaining space for extraction, manufacturing and end product packaging.

- Iowa: Acreage Holdings' management is not expecting demand to ramp rapidly given the current constraints on demand in this market. Acreage Holdings expects to complete 1,200 square feet of canopy attached to a manufacturing lab to create end products in Q2 2019. This minimal implementation should allow us to cost-effectively await policy changes in that market that will allow more aggressive patient demand.

Expansion of Vertically Integrated Capabilities

In order to maximize efficiencies, control product quality and manage distribution, Acreage Holdings aims to be vertically integrated in most of the states in which its Subsidiaries operate. Acreage Holdings continues to pursue acquisition of additional assets and/or businesses within the states in which the Subsidiaries operate to maintain or improve its overall market share. Examples include:

- Connecticut: Acreage Connecticut, LLC, a wholly owned subsidiary of Acreage Holdings that does not currently have any operating assets or activity , has a pending application for two additional dispensary licenses in Connecticut. Additionally, Acreage Holdings anticipates that it may seek to acquire cultivation and processing capabilities in Connecticut.

- Pennsylvania: PWPA has a pending application for two dispensary licenses in Pennsylvania.

- Maryland: Acreage Holdings will continue to evaluate opportunities to potentially acquire cultivation and processing capabilities in Maryland; however, given the current state ownership limitation, with only one dispensary, Acreage Holdings believes the benefit of being vertically integrated in Maryland is marginal.

Broad Distribution of Acreage Holdings' Branded Product Portfolio

Acreage Holdings' product and marketing team is focused on developing branded cannabis products that will have substantial opportunity for wholesale market penetration. As U.S. markets mature, consumer choice will grow and buying patterns will be dictated more and more by brand affinity.

Entering New Markets via Application or M&A

Acreage Holdings has a proven ability to win limited licenses in emerging medical states such as Iowa, North Dakota and Pennsylvania. Acreage Holdings maintains a dedicated team focused on new license applications currently evaluating states such as Oklahoma, West Virginia and Virginia. In states where licenses have already been granted, Acreage Holdings anticipates that it will seek to acquire accretive operations and subsequently integrate those operations using its integration process.

Competition

Acreage Holdings and the Subsidiaries compete with a variety of different operators across the states in which they currently operate. In the majority of such states, there are specific license caps that create high barriers to entry. However, in some markets, such as California and Oregon, there are few caps on licenses creating a more open marketplace. Acreage Holdings views multi-state operators that have vertical operations as the most direct competition, including Green Thumb Industries, iAnthus, Medmen, and Curaleaf. Like Acreage Holdings, these companies can realize centralized synergies to produce higher margins when compared to single-state operators.

Additionally, Acreage Holdings competes with the unregulated black and grey markets. As the regulatory environment continues to be formalized and enforced, management believes there will be a major reduction of these operators.

Investment Strategy

Acreage Holdings intends to seek investment and acquisition opportunities in high-margin, fast-growth, cannabis-related businesses that are complementary to Acreage Holdings' footprint and/or range of products and services, operating in sectors with strong barriers to entry, or having a significant first-mover or other distinctive competitive advantages, servicing a large addressable revenue-generating market. Acreage Holdings intends to invest in technology to optimize Acreage Holdings' core business in addition to technologies that have the potential to be disruptive to the current industry. The viability of cannabis-related business models may be impacted by enforcement of federal drug laws against cannabis companies operating under state law, as well as by accelerated liberalization of cannabis regulation and enforcement on the federal and state level. Acreage Holdings intends to remain abreast of the latest regulatory and political developments impacting the space and seek to adjust its investment criteria accordingly.

4.2 Market Information, Trends, Commitments, Events and Uncertainties Usage of Cannabis

Competition between companies in the cannabis industry revolves primarily around the ability to attract community support, understand government policies and their implications, adjust to changing regulations, market differentiated products and development of effective cannabis strains and alternative products.

United States Regulation Environment

United States Federal Overview

The United States federal government regulates drugs through the CSA which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I controlled substance. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The DOJ defines Schedule I drugs, substances or chemicals as "drugs with no currently accepted medical use and a high potential for abuse." The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any condition.

State laws that permit and regulate the production, distribution and use of cannabis for recreational or medicinal purposes are in direct conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. Although Acreage Holdings' activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve Acreage Holdings of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against Acreage Holdings.

As of the date of this Listing Statement, 30 U.S. states and the District of Columbia have now legalized the cultivation and sale of full-strength cannabis for medical purposes. In nine U.S. states, the sale and possession of cannabis is legal for both medical and adult-use, the District of Columbia has legalized adult-use but not commercial sale. Sixteen states have also enacted low-THC / high-CBD only laws for medical cannabis patients. All considered, approximately 95% of Americans now live in states where some form of medical cannabis is legal.

The prior U.S. administration attempted to address the inconsistencies between federal and state regulation of cannabis in a memorandum which then-Deputy Attorney General James Cole sent to all United States Attorneys in August 2013 (the "**Cole Memorandum**") outlining certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, U.S. Attorney General Jeff Sessions formally issued a new memorandum (the "**Sessions Memorandum**"), which rescinded the Cole Memorandum. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress by following well-established principles when pursuing prosecutions related to cannabis activities. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future.

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress adopted amendments to the fiscal years 2015, 2016 and 2017 Consolidated Appropriations Acts (currently referred to as the "**Rohrabacher/Blumenauer Amendment**") to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The Rohrabacher/Blumenauer Amendment was included in the fiscal year 2018 budget passed on March 23, 2018. The Rohrabacher/Blumenauer Amendment was included in the short term spending bill signed into legislation by President Trump in September 2018 and will remain in effect until December 7, 2018. At such time, it may or may not be included in the omnibus appropriations package or a continuing budget resolution for fiscal 2019.

The Cole Memorandum and the Rohrabacher/Blumenauer Amendment gave medicinal cannabis operators and investors in states with legal regimes greater certainty regarding federal enforcement as to establish cannabis businesses in those states. While the Sessions Memorandum has introduced some uncertainty regarding federal enforcement, the cannabis industry continues to experience growth in legal medical and adult-use markets across the U.S. The legal U.S. cannabis industry is projected to reach $11 billion in 2018, rising to $23.4 billion in 2022 (*The Arcview Group - The State of Legal Marijuana Markets (6th Edition)*). U.S. Attorney General Jeff Sessions resigned on November 7, 2018. As of his resignation, Matthew Whitaker is the acting U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

Despite the expanding market for legal cannabis, traditional sources of financing, including bank lending or private equity capital, is lacking which is can be attributable to the fact that cannabis remains a Schedule I substance under the CSA. These traditional sources of financing are expected to remain scarce until the federal government legalizes cannabis cultivation and sales.

See *"Risk Factors"* for the risk of federal enforcement and other risks associated with the Resulting Issuer's business.

State-Level Overview

While Acreage Holdings is in material compliance with the rules, regulations and license requirements governing each state in which its Subsidiaries operate, there are significant risks associated with Acreage Holdings' business and the business of the Subsidiaries. Further, the rules and regulations as outlined below are not a full complement of all the rules that the Subsidiaries are required to follow in each applicable state.

Although each state has its own laws and regulations regarding the operation of cannabis businesses, certain of the laws and regulations are consistent across jurisdictions. As a general matter, to operate legally under state law, cannabis operators must obtain a license from the state and in certain states must also obtain local approval. In those states where local approval is required, local authorization is a prerequisite to obtaining state licenses, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The license application process and license renewal process is unique to each state. However, each states' application process requires a comprehensive criminal history, regulatory history, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to ensure only good actors are granted licenses and that licensees continue to operate in compliance with the state regulatory program.

License applicants for each state must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the state's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

As a condition of each state's licensure, operators must consent to inspections of the commercial cannabis facility as well as the facility's books and records to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections and have already commenced both site-visits and compliance inspections for operators who have received state temporary or annual licensure.

To strengthen the communication and transparency between Acreage Holdings and its Subsidiaries, Acreage Holdings and its Subsidiaries utilize a third-party enterprise compliance platform, which facilitates a regulatory document control workflow for each state and issues alerts for time sensitive information requests for events such as license renewal an impending inspection. The software features a robust auditing system that allows for both internal as well as third-party compliance auditing, covering all state, municipal, facility and operational requirements. The third-party software facilitates the implementation and maintenance of compliant operations and tracks all required licensing maintenance criteria, which include countdown features and automatically generated reminders for initiating renewals and required reporting. Though Acreage Holdings complies with all aspects of the required state regulations, Acreage Holdings believes that the core to ensuring a comprehensive compliance program is to weigh the risk of each regulation and ensure on a regular basis that the operators are properly controlling these risks.

Prior to the 2018 midterm elections in the U.S., there were 30 states, in addition to Washington, D.C., with programs that administer and control the dispensary of medical cannabis. See the table below:

	State	Date Effective
1.	Alaska	March 4, 1999
2.	Arizona	November 2, 2010
3.	Arkansas	November 9, 2016
4.	California	November 6, 1996
5.	Colorado	June 1, 2001
6.	Connecticut	May 4, 2012
7.	Delaware	July 1, 2011
8.	Florida	November 8, 2016
9.	Hawaii	December 28, 2000
10.	Illinois	January 1, 2014
11.	Maine	December 22, 1999
12.	Maryland	June 1, 2014
13.	Massachusetts	January 1, 2013
14.	Michigan	December 4, 2008
15.	Minnesota	May 30, 2014
16.	Montana	November 2, 2004

	State	Date Effective
17.	Nevada	October 1, 2001
18.	New Hampshire	July 23, 2013
19.	New Jersey	July 18, 2010
20.	New Mexico	July 1, 2007
21.	New York	July 5, 2014
22.	North Dakota	November 8, 2016
23.	Ohio	September 8, 2016
24.	Oklahoma	June 26, 2018
25.	Oregon	December 3, 1998
26.	Pennsylvania	May 17, 2016
27.	Rhode Island	January 3, 2006
28.	Vermont	July 1, 2004
29.	Washington	November 3, 1998
30.	Washington, DC	July 27, 2010
31.	West Virginia	April 19, 2017

An additional 16 states have laws specifically related to the legal use of CBD, mainly in extract form, which contains a low amount of THC and is often used in the treatment of epilepsy or seizures. See the table below:

	State	Date Legalized
1.	Alabama	April 1, 2014
2.	Delaware	June 23, 2015
3.	Florida	June 16, 2014
4.	Georgia	April 16, 2015
5.	Iowa	May 30, 2014
6.	Kentucky	April 10, 2014
7.	Mississippi	April 17, 2014
8.	Missouri	July 14, 2004

	State	Date Legalized
9.	North Carolina	July 3, 2014
10.	Oklahoma	April 30, 2015
11.	South Carolina	June 2, 2014
12.	Tennessee	May 16, 2014
13.	Texas	June 1, 2015
14.	Utah	March 21, 2014
15.	Virginia	February 26, 2015
16.	Wisconsin	April 16, 2014

Furthermore, Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont, Washington and Washington D.C. have legalized cannabis for recreational adult-use. See the table below:

	State	Date Legalized		State	Date Legalized
1.	Alaska	November 4, 2014	6.	Nevada	January 1, 2017
2.	California	November 9, 2016	7.	Oregon	November 4, 2014
3.	Colorado	November 6, 2012	8.	Vermont	July 1, 2018
4.	Maine	January 30, 2017	9.	Washington	November 6, 2014
5.	Massachusetts	November 8, 2016	10.	Washington DC	February 24, 2015

Compliance Summary

Acreage Holdings monitors the applicable rules and regulations of each state in which it has, indirectly through its Subsidiaries, licenses, permits, or operations. Acreage Holdings maintains a database and tracks each license or permit held by its Subsidiaries, showing the renewal date, inspection schedules, and the results of any regulatory inspection reports. Acreage Holdings will also monitor any action taken by its Subsidiaries in response to a change of governing regulations or suggestions from regulators.

Acreage Holdings' compliance team continually monitors and reviews correspondence and changes to, and updates of, rules or regulatory policies impacting the operation of the businesses carried on by its Subsidiaries in each U.S. state in which it has operations. Acreage Holdings requires its Subsidiaries to implement internal processes for compliance reviews as required by Acreage Holdings from time to time, with specific guidelines as to which reports shall be immediately sent to Acreage Holdings for review.

Acreage Holdings' business is described in this Listing Statement under various headings, including "*Corporate Structures*", "*General Development of the Business*", "*Narrative Description of the Business*", and "*Risk Factors*". Acreage Holdings, through its Subsidiaries, has operations in 17 states in the U.S. Acreage Holdings, along with its U.S. legal counsel and the professional advisors which helped it obtain and maintain its state licenses and permits required for the operating of the business, will have monthly meetings to monitor compliance with internal and regulatory procedures and anticipates that such monthly meetings will continue.

The Regulatory Landscape on a U.S. State Level

California

Legislative History

In 1996, California voters passed Proposition 215, the Compassionate Use Act allowing physicians to legally recommend medical cannabis for patients who would benefit from cannabis. The Compassionate Use Act legalized the use, possession and cultivation of medical cannabis for a set of qualifying conditions including AIDS, anorexia, arthritis, cachexia, cancer and chronic pain. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses that emerged as a result.

In September 2015, the California legislature passed three bills, collectively known as the "**Medical Marijuana Regulation and Safety Act**". The Medical Marijuana Regulation and Safety Act established a licensing and regulatory framework for the medical cannabis businesses in California. Multiple agencies oversee different aspects of the program and require businesses obtain a state license and local approval to operate.

In November 2016, voters in California passed Proposition 64, the Adult Use of Marijuana Act ("**AUMA**") creating an adult-use cannabis program for individuals 21 years of age or older. AUMA contained conflicting provisions with the Medical Marijuana Regulation and Safety Act. Consequently, in June 2017, the California State Legislature passed Senate Bill No. 94, known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which combined the Medical Marijuana Regulation and Safety Act and AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses. The three agencies that regulate cannabis at the state level are: (a) the California Department of Food and Agriculture, via CalCannabis, which issues licenses to cannabis cultivators, (b) the California Department of Public Health, via the Manufactured Cannabis Safety Branch, which issues licenses to cannabis manufacturers and (c) the California Department of Consumer Affairs, via the Bureau of Cannabis Control, which issues licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies also oversee the various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their emergency rulemakings at the end of 2017 and have started issuing temporary licenses.

To legally operate a medical or adult-use cannabis business in California, the operator must have both local approval and a state license. This requires license holders to operate in cities with cannabis licensing and approval programs. Municipalities in California are authorized to determine the number of licenses they will issue to cannabis operators, or can choose to outright ban the cultivation, manufacturing or the retail sale of cannabis. MAUCRSA went into effect on January 1, 2018.

On May 18, 2018, the California Department of Consumer Affairs, the California Department of Public Health and the California Department of Food and Agriculture proposed to re-adopt their emergency cannabis regulations. The three licensing authorities proposed changes to the regulatory provisions to provide greater clarity to licensees and to address issues that have arisen since the emergency regulations went into effect in December 2017. Highlighted among the changes are that applicants may now complete one license application which will allow for both medicinal and adult-use cannabis activity. These emergency cannabis regulations were officially readopted on June 4, 2018 and came into effect on June 6, 2018. The readopted emergency regulations will remain in effect for 180 days. During this time, the three licensing authorities will engage in the regular rulemaking process to adopt its final non-emergency regulations. The final rules will be adopted in December 2018.

Licenses

Although vertical integration across multiple license types is allowed under the state regulations, it is not required. Acreage Holdings through CWG holds three licenses in the state and has received local approval. CWG holds cultivation/grow, manufacturing and distribution licenses. The manufacturing license is denoted as a Type 7 which provides CWG the authorization to manufacture cannabis products using volatile solvent as well as non-volatile extraction methods. Each license issued gives CWG the ability to operate as a medical and adult-use provider. The table below lists the licenses issued to the CWG cannabis operations in California.

Subsidiary	License Number	City	Expiration Date	Description
CWG Botanicals, Inc	TML17-0000758	Oakland	12/21/2018	Grow
CWG Botanicals, Inc	CDPH-T00000387	Oakland	11/2/2018	Manufacturing
CWG Botanicals, Inc	M11-18-0000056-TEMP	Santa Cruz	1/31/2019	Distribution

The California dispensary, grower and processing state and local licenses are renewed annually from the date of issuance. CWG holds temporary licenses and are awaiting the state to issue the annual licenses. CalCannabis is expected to go live on Franwell Inc.'s METRC solution ("**METRC**") late 2018 and early 2019. The license holders are required to submit a renewal application per the guidelines under Text of Emergency Rules section 8203. An application for renewal of a cultivation license shall be submitted to the state at least thirty (30) calendar days prior to the expiration date of the current license. A license holder that does not submit a completed license renewal application to the state within thirty (30) calendar days after the expiration of the current license forfeits their eligibility to apply for a license renewal and, instead, would be required to submit a new license application. The license holders must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of this state.

Record-keeping/Reporting

California has selected METRC as the track and trace ("**T&T**") system used to track commercial cannabis activity. As of November 9, 2018, the implementation of METRC state-wide is still in progress and not yet released. CWG will use a third-party platform, QuantumLeap, which will feed data to METRC to meet all reporting requirements.

Licensees are required to maintain records for at least seven years from the date a record is created. These records include: (a) a cultivation plan, (b) all supporting documentation for data or information input into the T&T system, (c) all unique identifiers ("**UID**") assigned to product in inventory and all unassigned UIDs, (d) financial records related to the licensed commercial cannabis activity, including bank statements, tax records, sales invoices and receipts, and records of transport and transfer to other licensed facilities, (e) records related to employee training for the T&T system, and (f) permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.

Inventory/Storage

Each licensee is required to assign an account manager to oversee the T&T system. The account manager is fully trained on the system and is accountable to record all commercial cannabis activities accurately and completely. The licensee is expected to correct any data that is entered into the T&T system in error within three (3) business days of discovery of the error.

The licensee is required to report information in the T&T system for each transfer of cannabis or nonmanufactured cannabis products to, or cannabis or non-manufactured cannabis products received from, other licensed operators. Licensees must use the T&T system for all inventory tracking activities at a licensed premise, including, but not limited to, reconciling all on-premise and in-transit cannabis or non-manufactured cannabis product inventories at least once every 14 business days. The licensee must store cannabis and cannabis products in a secure place with locked doors.

Security

A licensee is required to maintain an alarm system capable of detecting and signaling the presence of a threat requiring urgent attention and to which law enforcement are expected to respond. A licensee must also ensure a professionally qualified alarm company operator or one of its registered alarm agents installs, maintains, monitors, and responds to the alarm system.

The manufacturing and cultivation of cannabis must use a digital video surveillance system which runs 24 hours a day, seven days a week and effectively and clearly records images of the area under surveillance. Each camera must be placed in a location that clearly records activity occurring within 20 feet of all points of entry and exit on the licensed premises. The areas that will be recorded on the video surveillance system should include the following: (a) areas where cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the premises, (b) limited-access areas, (c) security rooms and, (d) areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area. Surveillance recordings must be kept for a minimum of 90 days.

Transportation

Transporting cannabis goods between licensees and a licensed facility may only be performed by persons holding a distributor license. The vehicle or trailer used must not contain any markings or features on the exterior which may indicate or identify the contents or purpose. All cannabis products must be locked in a box, container, or cage that is secured to the inside of the vehicle or trailer. When left unattended, vehicles must be locked and secured. At a minimum, the vehicle must be equipped with an alarm system, motion detectors, pressure switches, duress, panic, and hold-up alarms.

Connecticut

Connecticut's Medical Marijuana Program (the "**CT Program**") was enacted on June 1, 2012 with the signing into law of Act 12-55, the Act Concerning the Palliative Use of Marijuana (the "**CT Act**"). The CT Program protects patients and caregivers who hold valid medical cannabis registration cards from prosecution for possession of cannabis obtained from licensed dispensaries. Patients are eligible for a medical cannabis registration card if they have a qualifying debilitating medical condition, obtain a medical cannabis recommendation from a CT Program registered physician, and register as a qualified patient through the CT Program. In February 2016, the list of qualifying debilitating medical conditions was raised from 11 to 17 adding sickle cell disease, cerebral palsy, and cystic fibrosis to the list which already included, among others, cancer, HIV/AIDS, Parkinson's disease, and Multiple Sclerosis. Caregivers may register with the CT Program if they are designated by a qualifying patient, receive certification from a registered physician, and pass a criminal background check. The good standing of patients, caregivers, and physicians under the CT Program is subject to timely reporting and annual renewal requirements.

In April 2014, Connecticut's Department of Consumer Protection initially approved six dispensary licenses and in January 2016, Connecticut's Department of Consumer Protection (the "**CT DCP**") approved three additional applicants. Connecticut began accepting written certifications from physicians to qualify patients on October 1, 2012. As of November 4, 2018, there are approximately 30,048 patients certified to obtain cannabis through the CT Program.

Licenses

The CT DCP is responsible for the CT Program and is authorized to issue dispensary and producer/grower licenses. Currently, the CT DCP has issued nine dispensary and four producer/grower licenses. Two of the nine dispensary licenses have been issued to a Subsidiary.

On January 3, 2018 the CT DCP issued a Request for Application for additional medical cannabis dispensaries with plans to award at least three new licenses. Acreage Holdings through its subsidiary Acreage Connecticut, LLC submitted an application in response to the Request for Application and is awaiting the CT DCP's review and award decision.

The below table lists the licenses issued to the Subsidiaries:

Subsidiary	License number	City	Expiration Date	Description
CCC-CT	MMDF.0000003	Bethel	5/13/2019	Dispensary Facility
PWCT	MMDF.0000004	South Windsor	4/10/2019	Dispensary Facility

Each license qualifies a dispensary to purchase medical cannabis in good faith from licensed medical cannabis producers and to dispense cannabis to qualifying patients or primary caregivers that are registered under the CT Program. Dispensary license holders are required to ensure that no cannabis is sold, delivered, transported, or distributed to a location outside of the state. Under the CT Program, dispensary licenses are renewed annually. Renewal applications must be submitted 45 days prior to license expiration and any renewal submitted more than 30 days after expiration will not be renewed.

Record-keeping/Reporting

Connecticut does not mandate use of any singular unified T&T system by which all dispensary license holders submit data directly to the state. Acreage Holdings' license holders, CCC-CT and PWCT, use a third-party solution, THC BioTrack, to push data to the state to meet all reporting requirements.

The CT Program provides strict guidelines for reporting via the license holder's third-party T&T system. Every cannabis sale must be documented at the point of sale including recording the date and purchaser's signature. At least once per day, all sales must be uploaded via the T&T system to the Connecticut Prescription Monitoring Program which accumulates and tracks medical cannabis purchases across all Connecticut dispensaries. The CT Program requires that records are kept for a minimum of three years.

Inventory

Upon receipt of a cannabis product, each product must be cataloged and entered in the dispensary's T&T system. The information required by the CT Program includes the quantity of product received, its lot number, expiration date, and strain. Only registered dispensary pharmacists may accept delivery of cannabis and related products. A delivery receipt for cannabis and cannabis products must be signed by the accepting dispensary pharmacist and be attached to the delivery manifest. Each delivery manifest must be kept on file for three years. Once per week, a count of cannabis product stock is to be conducted by a dispensary pharmacist which includes tracking the producer's name, type and quantity of cannabis, and a summary of inventory findings. Any discrepancies must be rectified and documented. Any unrectified discrepancy must be disclosed to the dispensary manager who, if necessary, will notify the CT DCP. Annual controlled substance inventories are required to be conducted on a date specified by the dispensary manager also to be kept on file for three years.

Storage/Security

The CT Program requires that dispensaries adhere to strict cannabis storage and security guidelines to maintain control against diversion, theft, and loss of cannabis or cannabis products. Each dispensary is required to (a) establish a security plan including approved safes for storage of all cannabis products, (b) maintain daily supplies of product in locked cabinets, (c) install safes accessible only to the dispensary pharmacist or manager, (d) utilize commercial grade motion detectors and video cameras in all areas that contain cannabis, and (e) install cameras directed at all safes, vaults, dispensing and sale areas, or any other area where cannabis is stored or handled.

Furthermore, the CT Act prescribes that dispensaries must retain and present all video upon request of the Connecticut Department of Public Health ("**DPH**"). Specifically, dispensaries must (a) make the latest 24 hours of video readily available for immediate viewing upon request of a state authorized representative, and (b) retain all videos for at least 30 calendar days. Additionally, dispensaries must install strategically placed duress and panic alarms, both silent and audible, that trigger a law enforcement response. Employees are also required to wear panic alarm buttons for an additional level of safety and security.

Training & Education

All dispensary staff pharmacists must go through a training program on cannabis and cannabis products. Such training must include covering the chemical components of cannabis and use of ancillary cannabis delivery devices. Pharmacist training should prepare pharmacists how to best assess the needs of qualified patients during required new-patient private consultations. During such consultations, pharmacists are required to educate new patients on their qualified debilitating medical condition, allergies, medication profile, cannabis use, and cannabis delivery methods. Pharmacists have sole responsibility to recommend products based on the patients' individual needs.

Like dispensary staff pharmacists, dispensary technicians and employees also must meet training guidelines as set forth by the CT Program. Dispensary technicians must be trained on professional conduct, ethics, patient confidentiality, and developments in the field of medical cannabis use, among other pertinent topics commensurate with the technician's professional responsibilities. Dispensary employees, among other things, must be trained on the proper use of security measures and controls, procedures for responding to an emergency, and patient confidentiality. A record of all staff training and patient education must be maintained and made available for review at the request of the DPH.

Florida

Legislative History

On June 16, 2014, the Florida state governor signed Senate Bill 1030, also known as the Compassionate Medical Cannabis Act of 2014 ("**CMCA**"). The CMCA legalized low THC for medical patients suffering from cancer or "a physical medical condition that chronically produces symptoms of seizures", such as epilepsy, "or severe and persistent muscle spasms". The CMCA requires physician approval and determination that no other satisfactory alternative treatment options exist for that patient. The CMCA also authorizes medical centers to conduct research on low THC cannabis.

On November 8, 2016, Amendment 2 was added to Florida's state constitution. Amendment 2 protects qualifying patients, caregivers, physicians, and medical cannabis dispensaries and their staff from criminal prosecutions or civil sanctions under Florida law. Amendment 2 also expanded the definition of debilitating diseases to include 13 conditions including HIV/AIDS, Crohn's disease and post-traumatic stress disorder. Amendment 2 became effective on January 3, 2017. Act 2 provides a regulatory framework that requires licensed producers, which are statutorily defined as Medical Marijuana Treatment Centers (each, a "**MMTC**"), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

Licenses

Licenses are issued by the Florida Department of Health ("**FDH"**). Applicants are required to provide comprehensive business plans with demonstrated knowledge and experience on execution, detailed facility plans, forecasted performance and robust financial resources. Technical ability on plant and medical cannabis cultivation, infrastructure, processing, dispensing and safety are also assessed.

License holders are permitted to maintain one license. However, the one license allows the licensee to open one cultivation/processing site and up to 25 dispensaries. The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients. The state does not allow the smoking of cannabis for medical use and does not permit the dispensing of whole flowers. As of July 6, 2018, there were 109,163 patients with an approved medical ID card, 13 approved medical cannabis treatment centers and 43 approved retail dispensing locations. Licensed medical cannabis treatment centers are authorized to cultivate, process and dispense medical cannabis.

Acreage Holdings, through FLW, formerly held an investment in SFN. SFN, which is doing business as the Green Solution, is the licensee. As Florida is a vertically integrated system, SFN is permitted to cultivate, harvest, process and sell/dispense/deliver its own medical cannabis products. As of July 25, 2018, SFN is cultivating cannabis, however, does not have an operational dispensary. In October 2018, Acreage Holdings withdrew as a member of FLW, and therefore is no longer a shareholder in SFN. As discussed in Section 3.1, Acreage Holdings has entered into a purchase agreement to acquire Nature's Way, which is in the process of acquiring a license to operate as a medical cannabis treatment center in Florida.

Inventory Storage

The FDH requires that the MMTC license holder establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the department to data from all medical cannabis treatment centers and cannabis testing laboratories. At a minimum, the T&T system will track when cannabis seeds are planted, harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. The FDH has not chosen a unified system. Therefore, the licensee can choose their own T&T system.

Security

With respect to security requirements for cultivation, processing and dispensing facilities, a MMTC must maintain a fully operational alarm system that secures all entry points and perimeter windows, and is equipped with motion detectors, pressure switches, duress, panic and hold-up alarms. The MMTC must also have a 24-hour video surveillance system with the following features: (a) cameras positioned for the clear identification of persons and activities in controlled areas including growing, processing, storage, disposal and point-of-sale rooms, (b) cameras fixed on entrances and exits to the premises, and (c) ability to record images clearly and accurately together with the time and date. Facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00p.m. and 7:00a.m. However, it may perform all other operations and deliver cannabis to qualified patients 24 hours a day.

Cannabis must be stored in a secured, locked room or a vault. A MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis occurs. A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system. Further, a copy of the transportation manifest must be provided to the MMTC when receiving a delivery. Each MMTC must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must always have their employee identification on them. Lastly, at least two people must be in a vehicle transporting cannabis, and at least one person must remain in the vehicle while the cannabis is physically delivered.

Illinois

Legislative history

The Compassionate Use of Medical Cannabis Pilot Program Act (the "**IL Act**") was signed into law in August 2013 and took effect on January 1, 2014. The IL Act provides medical cannabis access to registered patients who suffer from a list of over 30 medical conditions including epilepsy, cancer, HIV/AIDS, Crohn's disease and post-traumatic stress disorder. As of September 1, 2018, approximately 44,200 patients have been registered under the IL Act and are qualified to purchase cannabis and cannabis products from registered dispensaries. The program is expected to remain in a pilot stage through July 2020, at which point the IL Act will be re-evaluated for future implementation.

Licenses

Oversight and implementation under the IL Act are divided among three Illinois state departments: the Department of Public Health (the "**IL DPH**"), the Department of Agriculture (the "**IL DA**"), and the Department of Financial and Professional Regulation (the "**IL DFPR**"). The IL DPH oversees the following IL Act mandates: (a) establish and maintain a confidential registry of caregivers and qualifying patients authorized to engage in the medical use of cannabis, (b) distribute educational materials about the health risks associated with the abuse of cannabis and prescription medications, (c) adopt rules to administer the patient and caregiver registration program, and (d) adopt rules establishing food handling requirements for cannabis-infused products that are prepared for human consumption. It is the responsibility of the IL DA to enforce the provisions of the IL Act relating to the registration and oversight of cultivation centers. The IL DFPR enforces the provisions of the IL Act relating to the registration and oversight of dispensing organizations. The IL DPH, IL DA and IL DFPR may enter into intergovernmental agreements, as necessary, to carry out the provisions of the IL Act.

Illinois has issued a limited amount of dispensary, producer/grower, and processing licenses. There are currently 55 licensed dispensaries and 22 licensed cultivators. NCC was awarded one dispensary license.

The table below lists the license issued to NCC:

Subsidiary	License number	City	Expiration	Description
NCC	280-000024-DISP	Rolling Meadows	1/22/2019	Dispensary Facility

The IL Act requires prospective cannabis business license holders to adhere to a thorough application process. Applicants for cannabis business licenses must meet, among others, the following requirements: (a) the proposed location for a dispensary must be suitable for public access, (b) the proposed location must not pose a detrimental impact to the surrounding community, (c) demonstrate compliance with safety procedures for dispensary employees, patients, and caregivers, and safe delivery and storage of cannabis and currency, (d) provide an adequate plan for recordkeeping, tracking and monitoring inventory, quality control, destruction and disposal of cannabis, and procedures to discourage unlawful activity, (e) develop a business plan specifying products to be sold and, (f) demonstrate knowledge of, experience, and proven record of ensuring optimal safety and accuracy in the dispensing and sale of cannabis. Once a license is granted, licensees have a continuing obligation to ensure no cannabis is sold, delivered, transported, or distributed to a location outside of the state.

Under the IL Act, dispensary, grower, and processing licenses are valid for one year. After the initial term, licensees are required to submit renewal applications. Pursuant to the IL Act, registration renewal applications must be received 45 days prior to expiration and may be denied if the licensee has a history of non-compliance and penalties.

Record-keeping/Reporting

Illinois uses the BioTrack THC T&T system to manage the flow of reported data between each licensee and the state. NCC also uses the T&T system to ensure all reporting requirements are met. Information processed through the T&T system must be maintained in a secure location at the dispensing organization for five years.

Dispensing licensees are mandated by the IL Act to maintain records electronically and make them available for inspection by the IL DFPR upon request. Records that must be maintained and made available, as described in the IL Act, include: (a) operating procedures, (b) inventory records, policies, and procedures, (c) security records, and (d) staffing plans. All dispensing organization records, including business records such as monetary transactions and bank statements, must be kept for a minimum of three years. Records of destruction and disposal of all cannabis not sold, including notification to the IL DFPR and State Police, shall be retained at the dispensary organization for a period of not less than five years.

Inventory/Storage

A dispensing organization's agent-in-charge has primary oversight of the dispensing organization's medical cannabis inventory control system. Under the IL Act, a dispensary's inventory control system must be real-time, web-based, and accessible by the IL DFPR 24 hours a day, seven days a week. The T&T system used by NCC complies with such requirements.

The inventory control system of a dispensing organization must record all cannabis sales, waste, and acquisitions. Specifically, the inventory system must track and reconcile through the T&T system each day's cannabis beginning inventory, acquisitions, sales, disposal and ending inventory. Tracked information must include (a) product descriptions including the quantity, strain, variety and batch number of each product received, (b) the name and registry identification number of the permitted cultivation center providing the medical cannabis, (c) the name and registry identification number of the permitted cultivation center agent delivering the medical cannabis, (d) the name and registry identification number of the dispensing organization agent receiving the medical cannabis, and (e) the date of acquisition. Dispensary managers are tasked with conducting and documenting monthly audits of the dispensing organization's daily inventory according to generally accepted accounting principles.

Storage of cannabis and cannabis product inventory is also regulated by the IL Act. Inventory must be stored on the dispensary's licensed premises in a restricted access area. Appropriate storage temperatures, containers, and lighting are required to ensure the quality and purity of cannabis inventory is not adversely affected.

Security

Under the IL Act, dispensaries must implement security measures to deter and prevent entry into and theft from restricted access areas containing either cannabis or currency. Mandated security measures include security systems, panic alarms, and locked doors or barriers between the facility's entrance and limited access areas. Admission to the limited access areas must be restricted to only registered qualifying patients, designated caregivers, principal officers, and agents conducting business with the dispensing organization. Visitors and persons conducting business with the dispensing organization in limited access areas must always wear identification badges and be escorted by a dispensary agent authorized to enter the restricted access area. A visitor's log must not only be kept on-site but must also be maintained for five years.

The IL Act states 24-hour video surveillance of both a dispensary's interior and exterior are required to be taken and kept for at least 90 days. Unless prohibited by law, video of all interior dispensary areas, including all points of entry and exit, safes, sales areas, and storage areas must be kept. Unobstructed video of the dispensary's exterior perimeter, including the storefront and the parking lot, must also be kept. Video surveillance cameras are required to be angled to allow for facial recognition and the capture of clear and certain identification of any person entering or exiting the dispensary area. Additionally, all video must be taken in lighting sufficient for clear viewing during all times of night or day. The IL Act also requires all security equipment to be inspected and tested within regular 30-day intervals.

Iowa

Legislative History

In May 2014, Governor Terry Branstad signed into law the Medical Cannabidiol Act, allowing possession of CBD with less than 3% THC with a neurologist's recommendation for the treatment of intractable epilepsy in children. In May 2017, House File 524 was signed into law, expanding the number of health conditions eligible including cancer, chronic pain, HIV/AIDs, Crohn's and Parkinson's disease. Despite the expansion in eligible usage, patients will not have access to a dispensary until December 2018.

The Medical Cannabidiol Act authorizes the Iowa Department of Public Health ("**IDPH**") to govern the selection of up to two growers/manufacturers and five dispensaries, oversee the cultivating and dispensary control processes, modify qualifying health conditions, and recommend changes in THC levels. The IDPH is responsible for developing and updating administrative rules and oversees the implementation of the Medical Cannabidiol Program. The 2017 Medical Cannabidiol Act directs the IDPH, in collaboration with the Iowa Department of Transportation, to administer a process to approve and generate Medical Cannabidiol Registration Cards ("**CBD Cards**") for patients and their primary caregivers. Licensed medical CBD manufacturers must agree to begin supplying medical CBD to licensed dispensaries in Iowa no later than December 1, 2018. As of March 2018, fewer than 400 of Iowa's 3 million residents have a CBD Card.

Licensing

The IDPH is responsible for selecting and issuing medicinal cannabis manufacturer licenses. The applicant owner is subject to various public safety reviews including criminal background checks, records against other licensed activity, and timeliness of his/her federal/local income tax filings. As part of the selection process, the IDPH considers the applicant's technical expertise regarding medical CBD, qualifications of the manufacturer's employees, the long-term financial stability, security measures on the premises, and the applicant's ability to meet certain medical CBD needs such as range of recommended dosages, chemical compositions of a plant and the applicant's projected assessment of wholesale product costs. The licenses are renewed on an annual basis.

The table below lists the license issued to Acreage Holdings' Subsidiary, Iowa Relief, LLC:

Subsidiary	License Number	City	Expiration Date	Description
Iowa Relief, LLC	2018-M02	Cedar Rapids	11/30/2018	Manufacturing

Record-keeping/Reporting

Iowa uses BioMauris, LLC to manage their T&T system for medical cannabis. The state requires complete and accurate electronic sales transaction records in a secure sales and inventory tracking system that includes details such as: (a) the date of each sale or distribution, (b) inventory of plant material, medical CBD, and waste material, (c) transport of plant material, waste material, and laboratory samples, (c) sales of medical CBD from dispensaries to patients and primary caregivers and, (d) the sales price. Financial transaction records reflecting the financial condition of the business are also required and should be maintained at least five years and be readily available upon request by the state. Financial records include but are not limited to: (a) purchase invoices, (b) bank statements and canceled checks for all business accounts, and (c) records of all financial transactions, contracts and agreements for services performed or services received. The records must be maintained at least five years and readily available upon request by the state. Finally, a manufacturer shall use the state's secure sales and inventory tracking system to maintain crop input records, production records, transportation records, and inventory records, including disposal of waste.

Inventory/Storage

A manufacturer is required to store plant material and medical CBD during production, transport, and testing to prevent diversion, theft or loss. The manufacturer should ensure: (a) plant material and medical CBD are returned to a secure location immediately after completion of the process or at the end of the scheduled business day, and (b) tanks, vessels, bins, or bulk containers containing plant material or medical CBD are locked inside a secure area if a process is not completed at the end of a business day. Moreover, to prevent degradation, storage containers must protect the cannabis against physical, chemical and microbial contamination and deterioration. A separate secure storage area must be established to house material returned from a dispensary, including medical CBD that is outdated, damaged, deteriorated, mislabeled, or contaminated, or whose containers or packaging have been opened or breached, until the returned medical CBD is destroyed.

Security

A cannabis manufacturer is required to install and maintain a professionally monitored alarm system that provides intrusion and fire detection for all facility entrances and exits, rooms with exterior windows, rooms with exterior walls, roof hatches, skylights and storage rooms. The system must be able to summon law enforcement in an alarm situation and be hardwired with radio frequency methods such as cellular/private radio signals that transmit a remote or local audio, visual, or electronic signals, has motion detectors, pressure switches, duress, panic, and holdup alarms, an automatic voice dialer, and a failure notification system. The manufacturer must be able to provide documentation of the annual inspection and device testing to the state upon request.

A manufacturer must operate and maintain in good working order a video surveillance system on its premises that operates 24 hours per day, seven days a week. The surveillance system must be able to record all phases of medical CBD production, all areas that might contain plant material and medical CBD, including all safes and vaults, all points of entry and exit and parking areas. The videos must be maintained for one year.

Transportation

A manufacturer is authorized to transport medical CBD to and from a dispensary, a laboratory for testing and a waste facility for disposal.

Maine

Legislative history

Maine has allowed qualified patients with specific conditions to grow for their own usage and possess limited amount of medical cannabis since November 1999, but the law lacked any distribution mechanism. On November 3, 2009, Maine voters approved Question 5, which established dispensaries and caregivers are able to grow and dispense medical grade cannabis up to 2.5 oz. every two weeks to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and post-traumatic stress disorder. The registered dispensaries and caregivers were regulated by the Maine Department of Health and Human Services ("**MDHHS**"), but oversight was recently shifted to the Maine Department of Administrative and Financial Services ("**MDAFS**").

In November 2016, Maine approved cannabis legalization at the ballot. On January 27, 2017, the legislature approved a moratorium on implementing parts of the law regarding retail sales and taxation until at least February 2018, giving time to resolve issues and promulgate rules. The portion of the law that allows persons over 21 years to grow six mature plants and possess, transport and gift up to 2.5 ounces became effective on January 30, 2017 (although this was limited to three mature plants in the 2018 legislation). A 17-member special legislative committee was formed to address the complex issues surrounding full implementation of the law. In April 2018, the Governor of Maine vetoed the bill to legalize cannabis for adult use. However, in May 2018 Maine lawmakers overrode the Governor's veto clearing the way for adult use. As of August 2018, Maine is developing rules for adult use cannabis and have not yet allowed the commercial sale of adult use cannabis through retail outlets or delivery. Furthermore, a mandatory "opt-in" mechanism allows municipalities to control whether they want retail cannabis establishments in their communities. Social clubs are not allowed.

Registration Certificates

The Maine Medical Use of Marijuana Program Rules and the enabling statute, Maine Medical Use of Marijuana Act, govern the Maine Medical Use of Marijuana Program ("**MMUMP**"). The MDHHS was originally responsible for administering the MMUMP to ensure qualifying patients' access to safe cannabis for medical use and was responsible for issuing dispensary registration certificates as well as caregivers certificates. The MMUMP through the MDHHS issued eight dispensary registration certificates. However, the MMUMP was transferred to the MDAFS in May 2018, as part of LD 1719, which implemented the adult use program.

WCM holds four of the eight vertically integrated dispensary certificates of registration. As of December 31, 2017, approximately 41,858 patients were registered and have medical certifications allowing them to purchase cannabis products from a registered dispensary or caregiver.

The table below lists the certificates issued to WCM:

Subsidiary	Certificate of Registration	City	Expiration Date	Description
WCM	Yes	Portland	4/11/2019	Dispensary
WCM	Yes	Gardiner	12/28/2018	Dispensary
WCM	Yes	Brewer	6/15/2019	Dispensary
WCM	Yes	Bath	9/16/2019	Dispensary
WCM	Yes	Auburn	6/15/2019	Grow/Process

The Maine vertically integrated dispensary certificate of registration is valid for one year from the date of issuance. Each certificate of registration for dispensaries allows cultivation, processing and dispensing. WCM cultivates and processes at one centralized location for its four dispensaries. The cultivation facility and retail site of a dispensary must comply with all requirements and prohibitions of the Maine statutes and regulations. Failure to comply may result in enforcement action including, but not limited to, termination of the registration certificate. The dispensary must receive both state licensing and municipal approval.

The dispensary must submit an application for the renewal of a current registration certificate with all required documentation and the required fees 60 days prior to the expiration date. Failure to submit a timely, complete renewal packet may be grounds for denial of the renewal and may result in expiration of the registration certificate to operate the dispensary. Once the application is received and validated, an inspection is scheduled which is conditional for the renewal. The certificate of registration holders must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of this state. In fact, until LD 1539, An Act to Amend Maine's Medical Marijuana Law, becomes effective later this year or early next year, registered dispensaries and caregivers cannot contract for the sale, delivery, transportation, or distribution of any cannabis or cannabis products between caregivers and dispensaries, except under very limited circumstances.

Record-keeping/Reporting

Maine does not yet have a unified, mandatory T&T solution, although one will be implemented through the development of the adult use program. However, WCM tracks seed-to-sale via an integrated platform. Required information is forwarded to the MMUMP through email. The operating documents of a registered dispensary must include procedures to ensure accurate record keeping. Registered dispensaries must maintain at least the following: business records, including records of assets and liabilities, tax returns, contracts, monetary transactions, checks, invoices and vouchers which the dispensary keeps as its books of accounts. Business records also include the sales record that indicates the name of the qualifying patient or primary caregiver to whom cannabis has been distributed, sold or donated, including the quantity and form. The registered dispensary must also keep on file and available for MDHHS (now MDAFS) inspection upon request, a copy of each current patient's registry identification, a copy of the medical provider written certification and the MMUMP approved dispensary designation form. All business records must be available upon request by the MDHHS (now MDAFS) and maintained and retained for six years.

Cultivator Inventory/Storage

All cultivation facilities for medical use are restricted to cultivating in an enclosed, locked facility or area on property. Cannabis at a registered dispensary must be kept under double lock and inventoried daily by two cardholders. Each patient's transactions are recorded and controlled in the POS system to prevent any patient to access more than the allowed limit. WCM monitors inventory daily and reports inventory supply monthly.

Security

Cultivation of cannabis for medical use requires implementation of appropriate security measures to discourage theft of cannabis, ensure safety and prevent unauthorized entrance to a cultivation site in accordance with the MMUMP statute and rules. Requirements include but are not limited to an enclosed, locked facilities and enclosed outdoor areas must have durable locks to discourage theft and unauthorized entrance.

Registered dispensaries must implement appropriate security measures to deter and prevent unauthorized entrance into areas containing cannabis and the theft of cannabis at the registered dispensary and the grow location for the cultivation of cannabis. Security measures to protect the premises, the public, qualifying patients, primary caregivers and principal officers, board members and employees of the registered dispensary must include, but are not limited to (a) on-site parking, (b) exterior lighting sufficient to deter nuisance activity and facilitate surveillance, (c) devices or a series of devices, including, but not limited to, a signal system interconnected with a radio frequency method such as cellular, private radio signals, or other mechanical or electronic device to detect an unauthorized intrusion, and (d) interior electronic monitoring, video cameras, and panic buttons. Electronic monitoring and video camera recordings must be maintained by the dispensary and cultivation facility a minimum of 14 days.

Maryland

Legislative history

In May 2013, the then Governor of Maryland signed House Bill 1101, Chapter 403 which established the Natalie M. LaPrade Maryland Medical Cannabis Commission ("**MMCC**"). The MMCC is an independent commission that functions within the Department of Health and Mental Hygiene. The MMCC was created for investigational use of medical cannabis. MMCC develops policies, procedures, and regulations to implement programs that ensure medical cannabis is available to qualifying patients in a safe and effective manner.

On December 1, 2017, after close to a five-year delay, the Maryland Medical Marijuana program ("**MMMP**") became operational and sales commenced. The program was written to allow access to medical cannabis for patients with conditions that are considered severe and for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and post-traumatic stress disorder. As of June 28, 2018, approximately 32,000 certified patients are registered and hold medical licenses allowing them to purchase cannabis and cannabis products from a dispensary. There are also approximately 13,000 patients awaiting medical licenses to be processed.

Licenses

The MMCC oversees all licensing, registration, inspection, and testing measures pertaining to the MMMP and provides relevant program information to patients, providers, caregivers, growers, processors, dispensaries and testing laboratories. A dispensary is licensed under Subtitle 33 Section § 13-3307 and a dispensary agent registered under § 13-3308.

The MMCC have issued a limited number of dispensary, producer/growers and processing licenses. There are currently 65 state licensed dispensaries, 14 growers and 14 processors throughout Maryland.

The table below lists the license issued to Acreage Holdings' Subsidiary, Maryland Medical Research & Caring, LLC:

Holding Entity	License Number	City	Expiration Date	Description
Maryland Medical Research & Caring, LLC	D-18-00043	Windsor	7/26/2024	Dispensary

After the first expiration of the approved license, the dispensary, grower and processing licensee is required to renew every two years. Licensees are required to submit a renewal application per the guidelines published by the MMCC. 90 days prior to the expiration of a license, the MMCC notifies the licensee of the date on which the license expires, provides the instructions and fee required to renew the license and the consequences of failure to renew. At least 30 business days before a license expires, the licensee must submit the renewal application as provided by the MMCC. The license holders must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of this state.

Record-keeping/Reporting

Maryland uses METRC as the T&T system to track commercial cannabis activity. The Maryland Medical Research & Caring, LLC also uses METRC to push the data to the State to meet all reporting requirements. All cannabis products dispensed are documented at point of sale via the T&T system. Each dispensary must submit to the MMCC a quarterly report which includes (a) number of patients served, (b) county of residence of each patient served, (c) medical condition for which medical cannabis was recommended, (d) type and amount of medical cannabis dispensed, and (e) if available, a summary of clinical outcomes, including adverse events and any cases of suspected diversion.

A dispensary licensee shall maintain a secure, tamper-evident record of each purchase by a patient that contains the name and address of the patient, the quantity and name of the product purchased by the patient and specific identification number of the product. A dispensary licensee shall maintain a duplicate set of all records at a secure, off-site location. Unless otherwise specified, a licensee shall retain a record for a period of five years.

Inventory/Storage

The licensee must establish standard operating procedures for all aspects of the receipt, storage, packaging, labeling, handling, tracking and dispensing of products containing medical cannabis and waste. Upon receipt of a cannabis product, each product must be promptly cataloged into the T&T system. The licensee trains each registered dispensary agent on the standard operating procedure.

All medical cannabis inventory must be stored in a secure room which, among other requirements, is constructed of concrete or similar building material resilient enough to prevent and deter unauthorized entry.

Security

The licensee shall maintain a security alarm system that covers all perimeter entry points, windows and portals at the premises. Facilities must maintain a motion-activated video surveillance recording system at the premises that records all activity in images of high quality and high resolution and clearly reveals facial detail. The system must be able to operate 24 hours a day, seven days a week without interruption. Recordings are kept in a secure area with minimal access in an off-site location. The surveillance videos will be retained for a minimum of 30 calendar days.

Massachusetts

Legislative history

The Massachusetts Medical Use of Marijuana Program (the "**MA Program**") was pursuant to the Act for the Humanitarian Medical Use of Marijuana (the "**MA ACT**"). The MA Program allows registered persons to purchase medical cannabis and applies to any patient, personal caregiver, Registered Marijuana Dispensary (each, a "**RMD**"), and RMD agent that qualifies and registers under the MA Program. To qualify, patients must suffer from a debilitating condition as defined by the MA Program. Currently there are eight conditions that allow a patient to acquire cannabis in Massachusetts, including AIDS/HIV, ALS, cancer and Crohn's disease. As of August 31, 2018, approximately 54,100 patients have been registered to purchase medical cannabis products in Massachusetts. The MA Program is administrated by the Department of Public Health, Bureau of Health Care Safety and Quality.

In November 2016, Massachusetts voted affirmatively on a ballot petition to legalize and regulate cannabis for adult recreational use. The Massachusetts legislature amended the law on December 28, 2016, delaying the date recreational cannabis sales would begin by six months. The delay allowed the legislature to clarify how municipal land-use regulations would treat the cultivation of cannabis and authorized a study of related issues. After further debate, the state House of Representatives and state Senate approved H.3818 which became Chapter 55 of the Acts of 2017, An Act to Ensure Safe Access to Marijuana, and established the Cannabis Control Commission (the "**MA CCC**"). The MA CCC consists of five commissioners and regulates the Massachusetts Recreational Marijuana Program. Adult use of cannabis in Massachusetts started in July 2018.

Licenses

Under the MA Program, RMD's are heavily regulated. Vertically integrated RMDs grow, process, and dispense their own cannabis. As such, each RMD is required to have a retail facility as well as cultivation and processing operations, although retail operations may be separate from grow and cultivation operations. A RMD's cultivation location may be in a different municipality or county than its retail facility. RMD's are required to be Massachusetts non-profit corporations.

The MA Program mandates a comprehensive application process for RMDs. Each RMD applicant must submit a Certificate of Good Standing, comprehensive financial statements, a character competency assessment, and employment and education histories of the senior partners and individuals responsible for the day-to-day security and operation of the RMD. Municipalities may individually determine what local permits or licenses are required if an RMD wishes to establish an operation within its boundaries.

The table below lists the licenses issued to the Subsidiaries:

Subsidiary	License Number	City	Expiration Date	Description
Health Circle	Preliminary	Rockland	Not applicable	Cultivation/Processing/Dispensary
MMSP	Preliminary	Nantucket	Not applicable	Cultivation/Processing/Dispensary
PWC	No. 043	Sterling	8/9/2019	Cultivation/Processing
PWC	No. 043	Worcester	8/9/2019	Dispensary
PWC	Preliminary	Leominster	Not applicable	Dispensary
PWC	Preliminary	Shrewsbury	Not applicable	Dispensary

Each Massachusetts dispensary, grower and processor license is valid for one year and must be renewed no later than 60 calendar days prior to expiration . As in other states where cannabis is legal, the MA CCC can deny or revoke licenses and renewals for multiple reasons, including (a) submission of materially inaccurate, incomplete, or fraudulent information, (b) failure to comply with any applicable law or regulation, including laws relating to taxes, child support, workers compensation and insurance coverage, (c) failure to submit or implement a plan of correction (d) attempting to assign registration to another entity, (e) insufficient financial resources , (f) committing, permitting, aiding, or abetting of any illegal practices in the operation of the RMD, (g) failure to cooperate or give information to relevant law enforcement related to any matter arising out of conduct at an RMD, and (h) lack of responsible RMD operations, as evidenced by negligence, disorderly or unsanitary facilities or permitting a person to use a registration card belonging to another person. Additionally, license holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of this state.

Record-keeping/Reporting

Massachusetts uses METRC as the T&T system. Individual licensees, whether directly or through a third-party application programming interface (an "**API**"), are required to push data to the state to meet all reporting requirements. Each of Health Circle, MMSP and PWC use METRC to capture and send all required data points for cultivation, manufacturing, and retail as required by applicable law.

The MA Program requires that RMD records be readily available for inspection by the Department of Health upon request. Among the records that are required to be maintained and made available are: (a) operating procedures, (b) inventory records , and (c) seed-to-sale tracking records for all cannabis and cannabis infused products.

Inventory/Storage

Through the T&T system, RMDs are required to record all actions related to each individual cannabis plant. This robust inventorying requirement includes tracking how each plant is handled and processed from seed and cultivation, through growth, harvest and preparation of cannabis infused products, if any, to final sale of finished products. This system must chronicle every step, ingredient, activity, transaction, and dispensary agent, registered qualifying patient, or personal caregiver who handles, obtains, or possesses the product. To meet this tracking requirement, the inventory tracking process is mandated to utilize unique plant and batch identification numbers. Besides capturing all processes associated with each cannabis plant, RMDs must also establish and abide by inventory controls and procedures for conducting inventory reviews and comprehensive inventories of cultivating, finished, and stored cannabis products. To ensure inventories are accurate, RMDs are not only required to conduct monthly inventories but also to compare monthly inventories to the T&T system records.

The MA Program requires all cannabis and cannabis infused products be securely stored. RMDs must ensure that all safes, vaults, and other equipment or areas used for the production, cultivation, harvesting, processing, or storage of cannabis and cannabis infused products are securely locked and protected against unauthorized entry. The MA Program also specifies that limited access areas, accessible only to authorized personnel, must be established in each dispensary. Furthermore, only the minimum number of employees essential to business operations may be given access to the limited access areas.

Security

Adequate security systems that prevent and detect diversion, theft, or loss of cannabis are required of each RMD under the MA Program. Such security systems must utilize commercial grade equipment and are required to include (a) a perimeter alarm on all entry and exit points and perimeter windows, (b) a failure notification system that provides an audible, text, or visual notification of any failure in the surveillance system, and (c) a duress alarm, panic alarm, or holdup alarm connected to local public safety or law enforcement authorities.

To ensure RMDs meet the rigorous security standards laid out by the MA Program, use of surveillance cameras is mandated. RMDs must install video cameras in the following areas: (a) all areas that may contain cannabis, (b) all points of entry and exit, and (c) in any parking lot. Video cameras must be appropriate for the lighting conditions of the area under surveillance. Interior video cameras must be directed at all safes, vaults, sales areas, and areas where cannabis is cultivated, harvested, processed, prepared, stored, handled, or dispensed. Video surveillance is required to be operational 24 hours a day, seven days a week and all recordings must be retained for at least 90 calendar days.

Transportation

The MA Program regulates the means and methods by which cannabis is transported. A RMD transporting cannabis must ensure the product is in a secure, locked storage compartment. If a cannabis establishment, pursuant to a cannabis transporter license is transporting cannabis products for more than one cannabis establishment at a time, the cannabis products for each cannabis establishment must be kept in separate locked storage compartments during transportation and separate manifests are required for each cannabis establishment. Vehicles transporting cannabis must be equipped with an approved alarm system and functioning heating and air conditioning systems appropriate for maintaining correct temperatures for storage of cannabis products. Additionally, cannabis products may not be visible from outside the vehicle and RMDs must ensure that all transportation times and routes are randomized. Cannabis and cannabis infused products may not be transported outside Massachusetts.

Michigan

In 2008, the Michigan Compassionate Care Initiative established a medical cannabis program for serious and terminally ill patients, was approved by the House but not acted upon, and defaulted to a public initiative on the November ballot. Proposal 1 was approved by 63% of voters on November 8, 2008. Proposal 1 was then written into law and approved by Michigan's lawmakers in December 2008. The resulting Act, became the Michigan Medical Marihuana Act ("**MMMA**").

In 2016, the Michigan legislature passed two new acts and also amended the original MMMA. The first act establishes a licensing and regulation framework for medical marihuana growers, processors, secure transporters, provisioning centers, and safety compliance facilities. The second act establishes a "seed-to-sale" system to track marihuana that is grown, processed, transferred, stored, or disposed of under the Medical Marihuana Facilities Licensing Act.

The Bureau of Medical Marihuana Regulation is responsible for the oversight of medical cannabis in Michigan and consists of the Medical Marihuana Facility Licensing Division and the Michigan Medical Marihuana Program Division. The MMMA provides access to state residents to cannabis and cannabis related products under one of 11 debilitating conditions, including epilepsy, cancer, HIV/AIDS, cancer and PTSD. In July 2018 the Medical Marihuana Facility Licensing Division approved 11 additional conditions to the list of aliments to qualify for medical cannabis. The additional 11 include Chronic pain, colitis and spinal cord injury.

Please see Section 3.1 of this Listing Statement for a summary of Acreage Holdings' current operations in Michigan.

New Hampshire

Legislative history

New Hampshire's Therapeutic Cannabis Program (the "**NH Program**") was enacted on July 23, 2013, when the New Hampshire governor signed bill House Bill 573 into law allowing New Hampshire residents with qualifying medical conditions to use cannabis for medical purposes. Among the 18 qualifying medical conditions included in HB 573 are cancer, HIV/AIDS, ALS and Crohn's disease. The New Hampshire legislature placed the responsibility for administering the NH Program within the New Hampshire Department of Health and Human Services (the "**NHDH**"). The first New Hampshire dispensary began serving patients on April 30, 2016. On June 28, 2017, the New Hampshire governor signed HB 160 which added post-traumatic stress disorder and other medical conditions to the law. On July 18, 2017, the governor of New Hampshire signed into law HB 640, a cannabis decriminalization bill. Under HB 640, effective September 16, 2017, penalties for non-registered and non-medicinal possession of three-quarters of an ounce or less of cannabis were reduced from a criminal misdemeanor to a civil violation punishable only by a fine.

Licenses

The NHDH oversees the issuance of licenses and the rules and regulations for cannabis businesses, known as Alternative Treatment Centers (each, an "**ATC**"). ATCs are not-for-profit entities registered under the New Hampshire Revised Statutes Annotated Section 126-X:7. ATCs are business entities that acquire, possess, cultivate, manufacture, deliver, transfer, transport, sell, supply, and dispense cannabis and related materials to qualified patients and other ATCs. ATCs are issued a notice of registration approval only after the NHDH has inspected and determined that the ATC is in full compliance with all regulatory and statute requirements. NHDH has issued licenses to four qualifying ATCs and in March 2018 lawmakers passed legislation calling for two additional dispensaries.

As of December 31, 2017, approximately 3,500 patients were registered and licensed under the NH Program.

The table below lists the license issued to PATC:

Subsidiary	License Number	City	Expiration Date	Description
PATC	ATC-001	Merrimack	See Note Below	Grow/ Manufacturing and Dispensary

On August 9, 2016, the New Hampshire Department of Health and Human Services issued a license in the form of a Registration Certificate, permitting PATC to operate. In the second quarter of 2018, PATC received a notice from the State of New Hampshire indicating that it needed to implement certain remedial measures before the state agreed to renew its license. PATC has submitted a remediation plan to the New Hampshire Office of Legal and Regulatory Services. PATC is currently implementing those matters and expects to resolve them promptly. Under New Hampshire law, a license does not expire if the licensee submits a timely and sufficient renewal application and the agency has yet to take final action on that renewal application. PATC submitted a timely and complete renewal application, and so its registration certificate is active, current and in good standing pending the resolution of the remediation plan, and has received correspondence from the state affirming this status.

ATC grower, processing, and dispensary licenses are valid for one year and expire on June 30th of the following year. License holders are required to submit a renewal application at least 120 days prior to the expiration of the current registration and include updates to the ATC's original application as appropriate. Additionally, ATCs must ensure that no cannabis is transported outside of the state.

Record-keeping/Reporting

New Hampshire selected BioTrack THC as the T&T system for commercial cannabis activity. PATC currently uses a third-party platform that pushes the data to New Hampshire's T&T solution to meet all reporting requirements.

Each ATC is required to maintain records in accordance with the records retention schedule established by the NHDH. As part of the records retention schedule, ATCs must keep a record of each transaction including the amount of cannabis dispensed, the amount paid, and the registry identification number of the qualifying patient, designated caregiver, or ATC and the qualifying patient's provider. ATC's are required to submit annual reports to the state that include (a) a description of efforts to educate qualifying patients and designated caregivers, (b) the annual financial report of the ATC including expenditures, liabilities, monetary reserves, and revenues received for sales of cannabis by strain and by type, (c) the total number of qualifying patients and designated caregivers served, and (d) reports on security issues including an aggregate account of all reportable incidents. Additionally, ATCs must maintain current and accurate records for each qualifying patient and designated caregiver registered with the ATC. The NH Program mandates all records be kept for a minimum of four years.

Inventory/Storage

Comprehensive inventory procedures and controls are required to be established and followed under the NH Program. Regular inventory counts and reviews designed to enable timely detection of any diversion, theft, or loss are specifically required by the NH Program. As part of the comprehensive inventory plan, ATCs must reconcile daily all on-premises and in-transit cannabis and be able to present such inventory records for review upon request of the state. In addition to daily inventories, monthly inventories are also mandated and must record all cannabis available for dispensing, mature cannabis plants, and seedlings at each authorized location.

Comprehensive storage guidelines are detailed under the NH Program. All cannabis and cannabis infused products, whether in the process of cultivation, processing, transport, testing, or available for sale, must be securely stored to prevent diversion, theft or loss. Additionally, cannabis must only be accessible by ATC agents who are specifically authorized to handle cannabis and to whom access is essential for efficient ATC operation. At the end of each business day, any cannabis or cannabis infused products must be returned to a secure storage location. Similarly, after cultivation and/or processing, all cannabis must be securely stored.

Security

Protecting dispensary facility patients, employees, and safeguarding cannabis against theft are all goals of the NH Program. ATCs are required to have security systems designed to prevent and detect diversion, theft, or loss of cannabis as well as unauthorized intrusion. Such security systems must include: (a) a perimeter alarm at all entry points and perimeter windows, and (b) a duress, panic, and holdup alarm connected to local public safety or law enforcement authorities or to an alarm monitoring company. Additionally, two agents must be present at the premises during all hours of operations.

Like dispensary facilities, security of cultivation facilities is also highly regulated under the NH Program. All phases of cannabis cultivation are required to take place in specially designated, secure, limited access areas that are monitored by surveillance camera systems. Surveillance cameras must cover all points of facility entry and exit, the parking lot, the entrance to the video surveillance room, and any areas that may contain cannabis. Surveillance video must be active 24 hours a day, seven days a week. The NH Program mandates that all security equipment be maintained in good working order and shall be inspected and tested at regular intervals of at no more than 30 calendar days.

New Jersey

Legislative history

On January 18, 2010, the governor of New Jersey signed into law S.119, the Compassionate Use Medical Marijuana Act (the "**NJ Act**"), permitting the use of medical cannabis for persons with debilitating conditions including cancer, HIV/AIDS, ALS, Crohn's disease and any terminal illness. The law permits the New Jersey Department of Health ("**NJDH**") to create rules to add other illnesses to the permitted conditions. The NJ Law does not permit patients to grow their own cannabis but rather mandates that cannabis must be acquired through ATCs licensed by the State.

Caregivers for patients are permitted to collect cannabis on behalf of the patient. Under the NJ Act, six ATCs received licenses from the State. The ATCs are nonprofit entities and have the exclusive right to produce and sell medical cannabis in New Jersey.

On March 27, 2018 through executive order No. 6 (2018), Governor Phil Murphy expanded the medical cannabis program, announcing the 20-plus recommendations presented by the NJDH on March 23, 2018. The NJDH's recommendations and next steps included certain measures that took effect immediately (e.g. the addition of debilitating conditions and the reduction of registration fees) and other recommendations (e.g. the home delivery model) that require further regulatory or statutory enactment.

Licenses

The NJDH is responsible for administering the NJ Act to ensure qualifying patients' access to safe cannabis for medical use in New Jersey. The NJDH is responsible for issuing permits to entities who will operate an ATC. New Jersey is a vertical state where the dispensary needs to be in the same location as the growing and processing facilities. One of the recommendations in executive order No. 6 is to allow existing license holders to have up to two additional dispensaries not attached to the growing facility. The NJDH has issued six licenses and are now accepting applications for up to six additional permits.

ATC permits expire annually on December 31. A permit renewal application must be submitted at least 60 days prior to the expiration date. An ATC that seeks to renew its permit shall submit to the permitting authority an application for renewal with all required documentation and the required fees. An ATC shall update and ensure the correctness of all information submitted in previous applications for a permit or otherwise on file with the NJDH. Prior to the issuance of any permit , every principal officer, owner, director and board member of an ATC must certify stating that he or she submits to the jurisdiction of the courts of the State of New Jersey and agrees to comply with all the requirements of the laws of New Jersey pertaining to New Jersey's Medicinal Marijuana Program. Failure to provide correct and current up-to-date information is grounds for denial of the application for renewal of the permit.

As of December 31, 2017, approximately 26,806 patients were registered and have medical licenses allowing them to purchase cannabis products from an ATC.

On May 9, 2018, Acreage Holdings entered in the CCF Revolving Note with CCF which shall automatically convert into an equity stake in a newly-formed entity of Acreage Holdings upon enactment of legislative reform to permit the cultivation and sale of cannabis for recreational purposes or to allow a for-profit entity to dispense medical cannabis.

The table below lists the permit issued to CCF:

Subsidiary	Permit Number	City	Expiration Date	Description
CCF	10042013	Egg Harbor in Atlantic county	12/31/2018	Cultivate and Dispense

Record-keeping/Reporting

New Jersey does not have a unified T&T solution. All information is forwarded to the MMMP through email. The ATC collects and submits to the NJDH for each calendar year statistical data on (a) the number of registered qualified patients and registered primary caregivers, (b) the debilitating medical conditions of the qualified patients, (c) patient demographic data, (d) summary of the patient surveys and evaluation of services and (e) other information as the NJDH may require. The ATC must retain records for at least two years.

Inventory/Storage

The ATC will establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis. The ATC will conduct a monthly inventory of cultivating, stored, usable and unusable cannabis. Though a unified T&T system is not currently in place, an ATC is required to have a T&T for tracking inventory and dispensing cannabis products to patients. CCF uses MJ Freeway as its T&T system. An ATC is authorized to possess two ounces of usable cannabis per registered qualifying patient plus an additional supply, not to exceed the amount needed to enable the alternative treatment center to meet the demand of newly registered qualifying patients.

Per regulatory requirements an ATC, at a minimum, must (a) establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis, (b) conduct a monthly inventory of cultivating, stored, usable and unusable cannabis, (c) perform a comprehensive inventory inspection at least once every year from the date of the previous comprehensive inventory, and (d) promptly transcribe inventories taken by use of an oral recording device. If cannabis is disposed of, the ATC must maintain a written record of the date, the quantity disposed of, the manner of disposal and the persons present during the disposal, with their signatures. ATCs must keep disposal records for at least two years. Results of the inventory inspection should document the date of the inventory review, a summary of the inventory findings and the name, signature and title of the individuals who conducted the inventory inspection.

An ATC shall limit access to medicinal cannabis storage areas to the absolute minimum number of specifically authorized employees. In the event non-employee maintenance personnel, business guests or visitors to be present in or pass through medicinal cannabis storage areas, the ATC must have a dedicated person who is specifically authorized by policy or job description to supervise the activity. The ATC must ensure that the storage of usable cannabis prepared for dispensing to patients is in a locked area with adequate security.

Security

An ATC is required to implement effective controls and procedures to guard against theft and diversion of cannabis including systems to protect against electronic records tampering. At a minimum, every ATC must (a) install, maintain in good working order and operate a safety and security alarm system that provides suitable protection 24 hours a day, seven days a week against theft and diversion, (b) immediately notifies the state or local police agencies of an unauthorized breach of security. An ATC must conduct maintenance inspections and tests of the security alarm system at intervals not to exceed 30 days from the previous inspection.

A video surveillance system must be installed and operated to clearly monitor all critical control activities of the ATC and must operate in good working order at all times. The ATC must provide two monitors for remote viewing via telephone lines to the NJDH offices. This security system must be approved by State of New Jersey's Medicinal Marijuana Program prior to permit issuance. The original tapes or digital pictures produced by the system must be stored in a safe place for a minimum of 30 days.

New York

Legislative history

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act (the "**CCA**") to provide a comprehensive, safe and effective medical cannabis program. The CCA bill which is part of the Title V-A in Article 33, Title 10, Chapter 13 of the Public Health Law is scheduled to sunset in seven (7) years, in 2021. The CCA provides access to the program to those who suffer from one of 12 qualifying serious conditions including, debilitating or life-threatening conditions including cancer, HIV/AIDS, ALS and chronic pain. Patients must also have one of the following associated or complicating conditions: cachexia or wasting syndrome, severe or chronic pain, severe nausea, seizures, or severe or persistent muscle spasms. In June 2018, the CCA provided medical cannabis access to individuals who have opioid addictions.

Pursuant to the CCA, only a limited number of product offerings are allowed including metered liquid or oil preparations, solid and semi-solid preparations (e.g. capsules, chewable and effervescent tablets), metered ground plant preparations, and topical forms and transdermal patches. Medical cannabis may not be incorporated into the food products unless approved by the Commissioner of Health and smoking of cannabis flower is prohibited.

Licenses

The New York Department of Health ("**NYDOH**") has issued licenses to ten registered organizations which hold vertically integrated licenses. Each registered organization has one cultivation/processing license and four dispensary licenses.

As of June 18, 2018, there are 59,327 certified patients allowing them to purchase cannabis products from a dispensary. The table below lists the licenses approved to be issued to NYCANNA, including one growing/manufacturing license and four dispensary licenses. As of July 10, 2018, NYCANNA's four dispensaries were not operational. The NYDOH has issued a formal license to NYCANNA to grow and manufacture, and will issue the four licenses to dispense upon completion of an inspection of the dispensaries, which is expected to occur in 2019.

Subsidiary	License number	City	Expiration Date	Description
NYCANNA	MM0601M	Dewitt	7/31/2019	Growing / Manufacturing
NYCANNA	MM0602D	Jamaica	7/31/2019	Dispensary Facility
NYCANNA	MM0603D	Farmingdale	7/31/2019	Dispensary Facility
NYCANNA	MM0604D	Buffalo	7/31/2019	Dispensary Facility
NYCANNA	MM0605D	Wallkill	7/31/2019	Dispensary Facility

The New York dispensary, growing and processing licenses are valid for two years from the date of issuance and the license holders are required to submit a renewal application not be more than six months nor less than four months prior to expiration. License holders must ensure that no cannabis is sold, delivered, transported or distributed by a producer from or to a location outside of New York.

Record-keeping/Reporting

The NYDOH uses the BioTrack THC T&T system used to track commercial cannabis activity. NYCANNA also uses BioTrack THC to push the data to the NYDOH to meet all reporting requirements. Each month, each registered organization is required to file reports with the NYDOH which provides information showing all products dispensed during the month. All other data shall be pulled from the T&T system. The data must include (a) documentation, including lot numbers where applicable, of all materials used in the manufacturing of the approved medical cannabis product to allow tracking of the materials including but not limited to soil, soil amendment, nutrients, hydroponic materials, fertilizers, growth promoters, pesticides, fungicides, and herbicides, (b) cultivation, manufacturing, packaging and labeling production records, and (c) laboratory testing results. The records are required to be maintained for a period of five years.

Inventory/Storage

A record of all approved medical cannabis products that have been dispensed must be filed with the NYDOH electronically through BioTrack THC no later than 24 hours after the cannabis was dispensed to the certified patient or designated caregiver. The information filed must include (a) a serial number for each approved medical cannabis product dispensed to the certified patient or designated caregiver, (b) an identification number for the registered organization's dispensing facility, (c) the patient's name, date of birth and gender, (d) the patient's address, including street, city, state and zip code, and (e) the patient's registry identification card number.

All cannabis that is not part of a finished product must be stored in a secure area or location within the registered organization accessible only to a minimum number of employees essential for efficient operation and in such a manner as approved by the NYDOH in advance, to prevent diversion, theft or loss and against physical, chemical and microbial contamination and deterioration. Cannabis must be returned to its secure location immediately after completion of manufacture, distribution, transfer or analysis.

Security

All facilities operated by a registered organization, including any manufacturing facility and dispensing facility, must have a security system to prevent and detect diversion, theft or loss of cannabis and/or medical cannabis products, utilizing commercial grade equipment which include (a) a perimeter alarm, (b) a duress alarm, (c) a panic alarm, and (d) a holdup alarm.

The manufacturing and dispensing facilities must direct cameras at all approved safes, approved vaults, dispensing areas, cannabis sales areas and any other area where cannabis is manufactured, stored, handled, dispensed or disposed of. The manufacturing and dispensing facilities must angle the cameras to allow for the capture of clear and certain identification of any person entering or exiting the facilities. The surveillance cameras must record 24 hours, seven days a week. Recordings from all video cameras must be readily available for immediate viewing by a state authorized representative upon request and must be retained for at least 90 days. A registered organization must test the security and surveillance equipment no less than semi-annually at each manufacturing and dispensing facility that is operated under the registered organization's registration. Records of security tests must be maintained for five years.

Transportation

Cannabis products must be transported in a locked storage compartment that is part of the vehicle transporting the cannabis and in a storage compartment that is not visible from outside the vehicle. An employee of a registered organization, when transporting approved medical cannabis products must (a) travel directly to his or her destination(s) and may not make any unnecessary stops in between, (b) ensure that all approved medical cannabis product delivery times are randomized, (c) appoint each vehicle with a minimum of two employees where at least one transport team member remains with the vehicle at all times, (d) possess a copy of the shipping manifest at all times when transporting or delivering approved medical cannabis products, and (e) keep the manifest in a safe compartment for a minimum of five years.

North Dakota

In 2016, North Dakota voters approved Measure 5, otherwise known as the Compassionate Care Act, establishing a medical cannabis program for North Dakota. In 2017, both houses of the state legislature passed changes to Measure 5, including removal of a provision allowing medical users to grow their own cannabis. The changes also required that a medical professional specifically recommend smoking as a method of using cannabis for their patients. Effective April 18, 2017, the North Dakota Department of Health **(**"**NDDH**"**)** established and implemented a medical cannabis program to allow the production, processing, sale, dispensing, and medical use of cannabis by qualifying patients and caregivers. Measure 5 provides access to state residents to the program under one of the 14 debilitating conditions, including epilepsy, chronic pain, HIV/AIDS, cancer and PTSD.

Licenses

North Dakota's Department of Health oversees the North Dakota Medical Marijuana Program and is authorized to issue dispensary and manufacturing licenses. The NDDH has selected two companies to each operate a dispensary and two companies to each operate a manufacturing facility. Acreage ND, one of the two awarded a dispensary license, will operate in Fargo, North Dakota. To receive a final license from the NDDH, Acreage ND must obtain a certificate of occupancy on its dispensary location. Acreage ND is expected to obtain its certificate of occupancy in Q1 2019.

The NDDH accepted dispensary applications for locations in Grand Forks and Williston through October 10, 2018 and is expected to award licenses by the end of November 2018.

Dispensary licenses are renewed every two years after issuance pursuant to Sec. 19-24.1-16 of the North Dakota Medical Marijuana program. Renewal applications must be submitted 60 days prior to license expiration to avoid suspension of the certificate.

Record-keeping/Reporting

North Dakota has selected BioTrack THC for its unified T&T system by which all dispensary license holders must submit their data directly to the state. As outlined in North Dakota Century Code section 19-24.1-30, a dispensary shall keep detailed financial reports of proceeds and expenses. A dispensary shall also maintain all inventory, sales, and financial records in accordance with generally accepted accounting principles. The dispensary shall maintain all reports and records for a period of seven years.

Inventory

A dispensary must conduct an inventory of cannabis once a week for at least six months after beginning business and upon department approval, at least monthly thereafter. The inventory shall be counted by at least two individuals. One of the two individuals may not be involved in dispensing of usable cannabis, or the preparation of the dispensary's financial records. Further, one of the two individuals must be a supervisor or manager. The inventory documentation will include the date of the inventory, detailed inventory results, and the name, signature, and title of the individuals who conducted the inventory.

Storage/Security

All licensees shall have a security system that remains operational at all times and that uses a professionally monitored security alarm system to prevent and detect diversion, theft, or loss of medical cannabis. The alarm system must include (a) facility entrances and exits, (b) rooms with exterior windows, (c) rooms with exterior walls and (c) storage rooms. The alarm system should include motion detectors, duress and panic alarms or a holdup alarm. The alarm system that is place must summon law enforcement. The licensee must test the security alarm system and all devices on a monthly basis and maintain a record of all tests.

To prevent unauthorized access to cannabis and usable cannabis, the dispensary shall have video surveillance equipment to deter the unauthorized entrance into restricted access areas. Video cameras shall be placed at each point of egress, at the point of sale location and in the storage facility. Video surveillance recording shall operate 24 hours a day, seven days a week. Recording from all video cameras during hours of operation shall be made available for immediate viewing and shall be retained for at least ninety days. The licensee shall maintain all security system equipment and recordings in a secure location to prevent theft, loss, destruction, corruption, and alterations.

Ohio

Legislative History

Effective September 8, 2016, House Bill 523 legalized the use of medical cannabis for 26 debilitating conditions as prescribed by a licensed physician. On implementation, the Ohio Medical Marijuana Control Program ("**OMMCP**") will allow people with certain medical conditions including Alzheimer's disease, HIV/AIDS, ALS, cancer, and traumatic brain injury to legally purchase medical cannabis. Though Ohio was required to implement a fully operational OMMCP by September 8, 2018 with a controlled system for cultivation, laboratory-testing, physician/patient registration and dispensing, the timeline was delayed until November 2018. Regulatory oversight is shared between three offices; (a) the Ohio Department of Commerce with respect to overseeing cultivators, processors and testing laboratories; (b) the Ohio Board of Pharmacy with respect to overseeing retail dispensaries and the registration of patients and caregivers, and (c) the State Medical Board of Ohio with respect to certifying physicians to recommend medical cannabis. The OMMCP will permit limited product types including oils, tinctures, plant materials and edibles. Adult-use and the smoking of cannabis flower are prohibited.

Licenses

Prior to September 8, 2018, the Ohio Board of Pharmacy was permitted to issue up to 60 dispensary provisional licenses. After September 8, 2018, additional provisional licenses are permitted to be issued if the population, the number of patients seeking to use medical cannabis products and the availability of all forms of cannabis products support additional licenses. To be considered for approval of a provisional dispensary or a processing license, the applicant must complete all mandated requirements. To obtain a certificate of operation for a medical cannabis dispensary or processing facility, the prospective licensee must be capable of operating in accordance with Chapter 3796 of the Revised Code, the Medical Marijuana Control Program. Certificates of operation carry two year terms.

A certificate of operation will expire on the date identified on the certificate. A licensee will receive written or electronic notice 90 days before the expiration of its certificate of operation. The licensee must submit the renewal information at least 45 days prior to the date the existing certificate expires. The information required for the license renewal includes, but is not limited to, the following: (a) a roster that includes the dispensary's employees' names, (b) the history of compliance with regulations, and (c) the number and severity of any violations. If a licensee's renewal application is not filed prior to the expiration date of the certificate of operation, the certificate of operation will be suspended for a maximum of 30 days. After 30 days, if the dispensary has not successfully renewed the certificate of operation, including the payment of all applicable fees, the certificate of operations will be deemed expired. The original implementation deadline of September 8, 2018 was missed by Ohio, as noted above. Acreage expects patients will begin to be able to purchase medicinal cannabis beginning in November 2018.

GLA has been issued five dispensary licenses and GTL has been issued one provisional processing license. The table below lists the locations of the provisional licenses.

The table below lists the licenses issued to GLA and GTL:

Holding Entity	Application Number	City	Expiration Date	Description
GLA	ID 504	Akron	12/7/2018	Dispensary Facility
GLA	ID 606	Cleveland	12/7/2018	Dispensary Facility
GLA	ID 697	Canton	12/7/2018	Dispensary Facility
GLA	ID 872	Wickliffe	12/7/2018	Dispensary Facility
GLA	ID 808	Columbus	12/7/2018	Dispensary Facility
GTL	ID TBD	Middlefield	2/3/2019	Processing

Record-keeping/Reporting

A holder of a processing license must maintain the following records: (a) samples sent for testing, (b) disposal of products, (c) tracking of inventory, (d) form and types of medical cannabis maintained at the processing facility on a daily basis, (e) production records, including extraction, refining, manufacturing, packaging and labeling, (f) financial records, and (g) purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase.

A holder of a dispensary license must maintain the following records: (a) confidential storage and retrieval of patient information or other medical cannabis records, (b) records of all medical cannabis received, dispensed, sold, destroyed, or used, (c) dispensary operating procedures, (d) a third-party vendor list, (e) monetary transactions, and (f) journals and ledgers. All records relating to the purchase or return, dispensing, distribution, destruction, and sale of medical cannabis must be maintained under appropriate supervision and control to restrict unauthorized access on the licensed premises for a five-year period.

Inventory/Storage

Ohio has selected METRC as the T&T system. Individual licensees, whether directly or through third-party APIs, are required to push data to the state to meet all reporting requirements. A holder of a processing license must track and submit through the inventory tracking system any information the Ohio Department of Commerce determines necessary for maintaining and tracking medical cannabis extracts and products.

A holder of a processing license must conduct weekly inventory of medical cannabis which includes (a) the date of the inventory, (b) net weight of plant material and the net weight and volume of medical cannabis extract, (c) net weight and unit count of medical cannabis products prepared or packaged for sale to a dispensary, and (d) a summary of the inventory findings. On an annual basis and as a condition for renewal of a processing license, a holder of a processing license shall conduct a physical, manual inventory of plant material, medical cannabis extract, and medical cannabis products on hand at the processor and compare the findings to an annual inventory report generated using the inventory tracking system. A holder of a processing license must store plant material, medical cannabis extract, and medical cannabis product inventory on the premises in a designated, enclosed, locked area and accessible only by authorized individuals.

A holder of a dispensary license must use the METRC T&T system to push data to the Ohio Board of Pharmacy on a real-time basis. The following data must be transmitted: (a) each transaction and each day's beginning inventory, acquisitions, sales, disposal and ending inventory, (b) acquisitions of medical cannabis from a licensed processor or cultivator holding a plant-only processor designation, (c) name and license number of the licensed dispensary employee receiving the medical cannabis and, (d) other information deemed appropriate by the Ohio State Board of Pharmacy. A dispensary's designated representative shall conduct the inventory at least once a week. Records of each day's beginning inventory, acquisitions, sales, disposal and ending inventory shall be kept for a period of three years.

The dispensary licensee must restrict access areas and keep stock of medical cannabis in secured area enclosed by a physical barrier with suitable locks and an alarm system capable of detecting entry at a time when licensed dispensary employees are not present. Medical cannabis must be stored at appropriate temperatures and under appropriate conditions to help ensure that its identity, strength, quality and purity are not adversely affected.

Security

All licensees must have a security system that remains operational at all times and that uses commercial grade equipment to prevent and detect diversion, theft or loss of medical cannabis, including (a) a perimeter alarm, (b) motion detectors, and (c) duress and panic alarms. A dispensary must also employ a holdup alarm, which means a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress.

Video cameras at a dispensary must be positioned at each point of egress and each point of sale. The cameras must capture the sale, the individuals and the computer monitors used for the sale. Video surveillance recording must operate 24 hours a day, seven days a week. Recording from all video cameras during hours of operation must be made available for immediate viewing by the Ohio State Board of Pharmacy upon request and must be retained for at least six months.

Video cameras at a processing facility must be directed at all approved safes, approved vaults, cannabis sales areas, and any other area where plant material, medical cannabis extract, or medical cannabis products are being processed, stored or handled. Video surveillance must take place 24 hours a day, seven days a week. Recordings from all video cameras during hours of operation must be readily available for immediate viewing by the Ohio regulatory bodies upon request and must be retained for at least six months.

Oklahoma

Legislative History

In April 2015, the governor of Oklahoma signed House Bill 2154 into law allowing the sale of CBD oil with less than 0.3% THC. On June 26, 2018, Oklahoma voters approved State Question 788 ("**SQ 788**"), which legalized medical cannabis. Oklahoma established the Oklahoma Medical Marijuana Authority ("**OMMA**") to oversee the state's medical cannabis program. The OMMA is responsible for licensing, regulating, and administering the program as authorized by state law. Operating under the Oklahoma State Department of Health, the primary goal of the OMMA is to ensure safe and responsible practices for the people of Oklahoma. On August 6, 2018, the governor of Oklahoma signed the revised emergency rules for the medical cannabis program.

While most medical cannabis state laws include a list of qualifying conditions, Oklahoma does not. According to SQ 788, doctors shall recommend patient licenses using the same judgment they would for prescriptions. In other words, a doctor can write a recommendation for any condition they see fit for medicinal cannabis treatment.

Licensing

The OMMA manages all licensing and registration for medicinal cannabis patients and their caregivers as well as grower, processor and dispensary operators. Applicants must be resident of Oklahoma with at least 75% ownership held by an Oklahoma resident. All owners must present an Oklahoma Secretary of State Certificate of Good Standing and demonstrate exemplary background checks. Non-violent felony convictions in the previous two years or other felony conviction in previous five years are grounds for disqualification. Licenses are valid for one year from the date issued unless revoked by the OMMA. A license may be renewed prior to expiration. Upon receipt of a license, the grower, processor or dispensary must immediately register with the Oklahoma Bureau of Narcotic and Dangerous Drugs Control and prior to any medical cannabis or medical cannabis products are present at the business. As described in Section 3, Acreage Oklahoma Holdings, LLC has been approved for one grower license and one processor license; both facilities will be located in Pocasset, Oklahoma.

Holding Entity	License Number	City	Expiration Date	Description
Acreage OK Holdings, LLC	GAAA-N1LP-BYSH	Pocasset	10/21/2019	Grower
Acreage OK Holdings, LLC	PAAA-4KSX-AVD9	Pocasset	10/15/2019	Processor

Transportation

A cannabis transportation license is issued to qualifying applicants for a commercial license at the time of approval. The transportation license allows the holder to transport cannabis from an Oklahoma licensed dispensary, grower, processor to an Oklahoma licensed dispensary, grower processor or researcher. All medical cannabis must be transported in a locked container shielded from public view and clearly labeled as "Medical Marijuana or Derivative."

Inventory

Oklahoma leverages BioTrack THC as the central Trace and Tracking (T&T) system to oversee inventory of licensed cannabis operations across the state. All cultivation and manufacturing facilities and retail dispensaries are required to utilize an inventory management system to record certain information depending on the license type. For a grower, such information includes the amount of cannabis harvested, sold to a process or dispensary, or dried and on hand. For a processor, details on the amount of cannabis purchased from a grower, or sold to a researcher and the amount of cannabis waste must be accounted for in inventory. The licensee must also document with detailed explanations any discrepancies for cannabis that cannot be account for or is considered overage.

The licensee is required to document the 'chain of custody' of all cannabis and cannabis-related products with frequent on-going inventory reviews in order to detect any diversion, theft or loss in a timely manner. The system must be able to accurately trace the timeline from the time a cannabis plant is propagated to the time it is sold to a patient or caregiver. Traceability is a requirement in the event of a serious adverse event or recall to correctly source the cannabis product.

Record-keeping/Reporting

The state requires all commercial licensees to submit monthly reporting to the Oklahoma Department of Health. Reports are considered untimely if not received by the state by the 15th of each month for activity from the preceding month. The report must include the amount purchased from a licensed process and/or grower, the amount sold to a licensee and the type of licensee, total sales to patients and caregivers as well as taxes collected from sales. If necessary, detailed explanations of inventory discrepancies must be included. Inaccurate reporting may result in fines and failure to report timely or to correct deficiencies within 30 days of department notification may lead to license revocation.

Oregon

Legislative History

Oregon has both a medical and adult-use cannabis program. The Oregon Medical Marijuana Act ("**OMM**") was established by Oregon Ballot Measure 67 in 1998 to allow for the cultivation, possession and use of cannabis by patients upon doctor recommendation. The OMM removed criminal penalties for medical cannabis for patients with debilitating medical conditions whose doctor verified the condition and determined medical cannabis may alleviate the condition. Qualifying conditions include cancer, chronic pain, glaucoma and HIV/AIDS. The Oregon Medical Marijuana Program ("**OMMP**") administers the program within the Oregon Department of Human Services. Patients obtain permits through the Oregon Department of Human Services.

In 2014, Measure 91 was approved which legalized non-medical cultivation and uses of cannabis effective July 1, 2015. Oregon Governor Kate Brown signed an emergency bill declaring cannabis sales legal to recreational users from commercial dispensaries effective October 1, 2015. Effective January 1, 2017, cannabis was permitted to be sold for recreational use only by businesses that obtained a recreational retailer license from the Oregon Liquor Control Commission ("**OLCC**"). Medical cannabis dispensaries that did not obtain a retailer license were no longer permitted to sell cannabis for recreational use after 2016. Holders of retailer licenses are permitted to sell cannabis for medical use to an OMMP patient 18 years of age or older whereas the minimum age to purchase cannabis for recreational use is 21.

Licenses

Oregon does not limit the number of retailer, grower or processing licenses. However, due to the overwhelming amount of new applications, the OLCC suspended all new applications after June 15, 2018 for short period of time. The OLCC regulates all retailer, producer, processor and lab license holders who have been approved to hold recreational licenses and all producers and retailers if they sell both medical and recreational cannabis. The Oregon Health Administration regulates all growers and dispensaries who hold only medical licenses. To operate legally under state law, cannabis operators must obtain a state license and local approval. Applicants for each license class are subject to the respective requirements and criteria of the OLCC which include but are not limited to criminal background checks, zoning requirements, readiness inspection, and state registration.

As of August 2018, there are approximately 1,102 recreational producer licenses, 180 recreational processor licenses and 581 recreational retailer licenses issued by the OLCC.

The table below lists the licenses issued to the Subsidiaries:

Subsidiary	License Number	City	Expiration Date	Description
East 11th	050 1004151A29E	Eugene	01/02/2019	Dispensary Facility
22nd and Burn	050 100400192AC	Portland	12/30/2018	Dispensary Facility
Firestation	050 1003660E75D	Portland	01/03/2019	Dispensary Facility
Acreage HoldingsOR	050 1004152E8C9	Springfield	01/09/2019	Dispensary Facility
Acreage HoldingsOR	050 10026747951	Portland	3/09/2019	Dispensary Facility
Acreage HoldingsOR	Pending	Medford	Pending	Grow Facility

The retailer, producer and processer licenses are valid for one year and the licensees are required to submit a renewal application at least 20 days before the date of expiration. The license holders must ensure that no cannabis is sold, delivered, transported or distributed by a producer from or to a location outside of Oregon.

Record-keeping/Reporting

Oregon uses the METRC T&T system and allows other third-party system integration via an API to track cannabis . The Subsidiaries in Oregon use a third-party T&T system to push the data to the state through an API to meet all reporting requirements. All cannabis products dispensed are documented at point of sale via the T&T system. License holders must maintain the documentation from the T&T system in a secure locked location at each dispensing or growing location for three years as required by the OLCC.

The OLCC requires all cannabis licensees to have and maintain records that clearly reflect all financial transactions and the financial condition of the business. The following records may be kept in either paper or electronic form and must be maintained for a three year period and be made available for inspection if requested by the OLCC: (a) purchase invoices and supporting documents for items and services purchased for use in the production, processing, research, testing and sale of cannabis items that include from whom the items were purchased and the date of purchase, (b) bank statements for any accounts, (c) accounting and tax records, (d) documentation of all financial transactions, including contracts and agreements for services performed or received, and (e) all employee records, including training.

Inventory/Storage

OLCC licensees must report the following to CTS (a) a reconciliation of all on-premise and in-transit cannabis item inventories each day, (b) all information for seeds, usable cannabis, CBD concentrates and extracts by weight, (c) the wet weight of all harvested cannabis plants immediately after harvest, (d) all required information for CBD products by unit count, and (e) for retailer license holders, the price before tax and amount of each item sold to consumers and the date of each transaction. The data must be transmitted for each individual transaction before the retailer opens the next business day.

All cannabis items on a licensed retailer's premises must be held in a safe or vault. All usable cannabis, cut and drying mature cannabis plants, CBD concentrates, extracts or products on the licensed premises of a licensee other than a retailer are to be kept in a locked, enclosed area within the licensed premises that is secured with at a minimum, a steel door with a steel frame or equivalent, and a commercial grade, non-residential door lock.

All licensees must keep all video recordings and archived required records not stored electronically in a locked storage area. Current records may be kept in a locked cupboard or desk outside the locked storage area during hours when the licensed business is open.

Security

A licensed premise must have a fully operational security alarm system, activated at all times when the licensed premises is closed for business. Among other features the security alarm system for the licensed premises must (a) be able to detect unauthorized entry onto the licensed premises and unauthorized activity within any limited access area where mature cannabis plants, usable cannabis, CBD concentrates, extracts or products are present, (b) be programmed to notify the licensee, a licensee representative or other authorized personnel in the event of an unauthorized entry, and (c) either have at least two operational "panic buttons" located inside the licensed premises that are linked with the alarm system that immediately notifies a security company or law enforcement, or have operational panic buttons physically carried by all employees present on the licensed premises that are linked with the alarm system that immediately notifies a security company or law enforcement.

A licensed premise must have a fully operational video surveillance recording system. Among other requirements, a licensed premise must have cameras that continuously record, 24 hours a day, seven days a week: (a) in all areas where mature cannabis plants, usable cannabis, CBD concentrates, extracts or products may be present on the licensed premises; and (b) all points of ingress and egress to and from areas where mature cannabis plants, usable cannabis, CBD concentrates, extracts or products are present. A licensee must keep all surveillance recordings for a minimum of 90 calendar days and have the surveillance room or surveillance area with limited access.

Transportation

Licensed producers which transport cannabis to licensed retailers must comply with the following: (a) a licensee must keep cannabis items in transit shielded from public view, (b) the cannabis items must be of secured (locked-up) during transport, (c) the transport must be equipped with an alarm system, (d) the transport must be temperature controlled if perishable cannabis items are being transported, (e) the transport must provide arrival date and estimated time of arrival information, (f) all cannabis items must be packaged in shipping containers and labeled with a unique identifier, and (g) the transport must provide a copy of the printed manifest and any printed receipts for cannabis items delivered to law enforcement officers or other representatives of a government agency if requested to do so while in transit.

Pennsylvania

Legislative History

The Pennsylvania Medical Marijuana Program (the "**PA Program**") was established by the Pennsylvania Medical Marijuana Act (the "**PA Act**") on April 17, 2016. The PA Program provides access to medical cannabis for qualified state residents who suffer from 21 specific medical conditions including epilepsy, chronic pain, HIV, AIDS, cancer, and post-traumatic stress disorder. To qualify under the PA Program, medical cannabis patients must both register with the Pennsylvania Department of Health (the "**PADOH**") and obtain either an identification card or authorization letter from the PADOH. As of May 2018, approximately 37,000 patients in Pennsylvania have been registered to purchase medical cannabis products. On February 15, 2018, dispensaries licensed under the PA Program began selling medical cannabis to qualified patients. Pennsylvania currently allows sale of medical cannabis to qualified patients in the following forms: pill, oil, topical forms including gels, creams, or ointments, tincture, and liquids. On August 1, 2018, the Pennsylvania Health Secretary approved the sale dry leaf cannabis.

Permits

The PA Act allows the PADOH to issue up to 25 grower/processor permits and 50 dispensary permits (each dispensary permit allows the holder to open up to three separate dispensary sites). On June 29, 2017, the PADOH issued 12 cultivation/processing permits and 27 dispensary permits. Permits are granted to applicants who demonstrate, among other things: (a) the ability to implement and maintain effective security measures and controls to prevent diversion, (b) a clear criminal background free of illegal conduct, (c) compliance with municipality zoning requirements, (d) well-defined standard operating procedures, and (e) a verified diversity plan. Prior to awarding permits, the PA Program requires the PADOH to verify all applicant information including through interviews of principals, operators, financial backers, and employees engaged and to be engaged in the permit applicant's cannabis operations.

On March 22, 2018, the PADOH announced it planned to issue an additional 13 grower/processor permits and 23 dispensary permits.

The table below lists the permit issued to PWPA. In addition to the below, PWPA applied for an additional dispensary permit. It is anticipated the PADOH will announce permit award decisions in the fourth quarter of 2018.

Holding Entity	Permit	City	Expiration Date	Description
PWPA	GP- 1005-17	Sinking Spring	06/20/2019	Grow/Processing Facility

Dispensary, grower, and processing permits are valid for one year from the date of issuance and permit holders are required to submit renewal applications in accordance with the PA Act. The PADOH must renew a permit unless it determines the applicant is unlikely to maintain effective control against diversion of medical cannabis and the applicant is unlikely to comply with all laws as prescribed under the PA Act. Additionally, permit holders must ensure that no cannabis is sold, delivered, transported, or distributed outside of Pennsylvania.

Record keeping/Reporting

The PA Act requires each licensed medical cannabis grower/processor or dispensary to report information to the PADOH every three months including, but is not limited to, (a) the amount of medical cannabis sold by the grower/processor, (b) the total value and amounts of medical cannabis sold by the grower/processor, (c) the amount of medical cannabis purchased by each dispensary, (d) the cost and amounts of medical cannabis sold to each dispensary, and (e) the total amount and dollar value of medical cannabis sold by each dispensary.

To monitor reporting requirements under the PA Act, the PADOH selected MJ Freeway as the T&T to implement a seed-to-sale electronic tracking. PWPA also uses MJ Freeway to push data and ensure compliance with all reporting requirements.

Inventory/Storage

The PA Act requires each medical cannabis grower/processor maintains inventory and storage data in an electronic format through MJ Freeway. The following information is tracked to ensure a compliant cannabis business operation: (a) the number, weight, and type of seeds used, (b) the number of immature medical cannabis plants, (c) the number of mature medical cannabis plants, (d) the number of medical cannabis products ready for sale, and (d) the number of damaged, defective, expired, or contaminated seeds, immature medical cannabis plants, medical cannabis plants and medical cannabis products awaiting disposal.

Robust physical inventory controls and procedures are required of each medical cannabis grower/processor under the PA Act. The following procedures are mandated to ensure physical inventory counts match electronic records: (a) monthly inventory counts of both medical cannabis plants in the process of growing and medical cannabis products that are stored for future sale, (b) comprehensive inventory counts of seeds, immature medical cannabis plants and medical cannabis plants, and (c) written or electronic records created and maintained for each inventory count conducted.

Additionally, each medical cannabis grower/processor must separately store in locked, limited access areas all seeds, immature medical cannabis plants, medical cannabis plants and medical cannabis that is expired, damaged, deteriorated, mislabeled or contaminated.

Security

The PA Act mandates each medical cannabis grower/processor must use security and surveillance systems including stringent video backup requirements to safeguard their medical cannabis and related products. Security requirements include: (a) alarm systems that cover all facility entrances, exits, areas that contain medical cannabis, safes, and the perimeter of the facility, and (b) professionally-monitored security and surveillance systems that operate 24 hours a day, 7 days a week and record all activity in images capable of clearly revealing facial detail. All images captured by each surveillance camera must be stored for a minimum of four years in a format that may be easily accessed for investigative purposes. Furthermore, all recordings must be kept in a locked cabinet, closet or other secure place to protect them from tampering or theft.

The PA Act also specifies requirements for the alarm system. The alarm system must include: (a) a silent security alarm signal, (b) an audible security alarm signal generated by the manual activation of a device intended to signal a life-threatening or emergency situation requiring law enforcement response, and (c) an electrical, electronic, mechanical, or other device capable of being programmed to send a prerecorded voice message requesting dispatch, when activated, over a telephone line, radio, or other communication system to a law enforcement, public safety, or emergency services agency.

Transportation

A medical cannabis grower/processor must transport and deliver medical cannabis to a medical cannabis organization or an approved laboratory within Pennsylvania in accordance with the following: (a) deliveries must be made between 7:00 a.m. and 9:00 p.m., (b) a global positioning system must be used to ensure safe and efficient delivery, (c) medical cannabis may not be visible from outside of the transport vehicle, (d) vehicles must be equipped with a secure cargo area, (e) each transport vehicle must be staffed with at least two individuals and at least one delivery team member must remain with the medical cannabis at all times, and (f) a printed or electronic transport manifest must accompany every delivery.

Rhode Island

Legislative History

In 2006, Rhode Island legalized medical cannabis and enacted the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act. Rhode Island had approved six qualifying debilitating Medical Conditions including but are not limited to cancer, glaucoma, HIV/AIDS, hepatitis C and epilepsy/agitation. In 2009, lawmakers in Rhode Island approved an amendment to the medical cannabis law allowing state-licensed medical cannabis dispensaries ("**compassion centers**") to dispense medical cannabis. In June 2016, the Rhode Island legislature approved an article that creates significant reforms to the state's medical cannabis program. The reforms included but were not limited to: (a) qualifying medical cannabis patients will no longer be required to designate compassion centers in order to enter and purchase products from those facilities, (b) the Department of Business Regulation will begin implementing additional regulations on compassion centers, such as stricter standards for product testing and requiring a government-accessible inventory tracking system, and (c) effective January 1, 2019, medical cannabis patients will be required to choose whether they wish to grow their own medicinal cannabis or appoint a natural person caregiver. They will no longer be able to cultivate their own medical cannabis and have a caregiver grow for them at the same time. Also in 2016, lawmakers approved legislation adding PTSD to the list of qualifying conditions for medical cannabis. As of March 31, 2018, there were 18,728 active patients certified to obtain cannabis through the states Rhode Island Medical Marijuana Program ("**RIMMP**").

Licensing

The Rhode Island Department of Health's ("**RIDOH**") Medical Marijuana Program administers the provisions of the state's Medical Marijuana Act and related regulations. The Rhode Island Department of Business Regulation ("**DBR**") is responsible for licensing and regulatory oversight of cultivators and the state's medical cannabis plant tracking system. The DBR also licenses and oversees compassion centers. To date, Rhode Island has awarded licenses for three compassion care centers and 36 cultivators. A compassion center license allows the licensee to grow, manufacture and dispense cannabis and cannabis infused products.

The Medical Marijuana Program allows a qualifying patient, authorized purchaser or caregiver who is registered with the Rhode Island Department of Health to purchase medical cannabis from a registered compassion center. Licensed cultivators may sell medical cannabis and medical cannabis products to registered compassion centers in accordance with state law.

The table below lists the licenses issued to GCCC in Rhode Island:

Holding Entity	License Number	City	Expiration Date	Description
GCCC	MMP CC 002	Portsmouth	5/25/2019	Compassion Center
GCCC	MMP CC 002	Newport	5/25/2019	Grow/processing

In addition to providing a comprehensive business plan outlining scope of activities, budget, resource narratives, and timeline for initiating operations, an applicant must evidence compliance with the local zoning laws, provide a comprehensive diagram of the proposed facilities, including where within the facility the medical cannabis will be cultivated, stored, processed, packaged, manufactured and dispensed, and where security alarms and cameras and surveillance recording storage will be located. Principals of the management team must clear criminal background checks and are evaluated for their experience in managing a cannabis operation. Prior to granting the final license, the state will perform an inspection of the facility to ensure regulatory requirements are met.

Once the applicant has been authorized by the state, the applicant must take reasonable and documented efforts to launch compassion center activities with active medical cannabis cultivation, processing, packaging, manufacturing, authorized sales and/or other medical cannabis activities within a year. Compassion center registrations are issued for one-year terms. Registration renewal is based on whether the compassion center is adequately providing patients with access to medical cannabis at reasonable rates. To avoid potential conflicts, 'key persons' of the compassion center may not have any material financial interest or control in another compassion center, a cultivator, or a licensed cooperative cultivation or vice versa.

Security

Each compassion center must have a fully operational security alarm system at each authorized physical address that will provide suitable protection against theft and diversion, including alarms at all outside perimeter entry points and outside perimeter windows. A fully operational security alarm system should at a minimum include a combination of hard-wired systems and systems interconnected with a radio frequency method such as cellular or private radio signals that emit or transmit a remote or local audible, visual, or electronic signal; motion detectors, pressure switches, duress alarms, panic alarms and hold-up alarms (a silent system signal to indicate that a robbery is in progress). A fully operational security alarm system shall at a minimum provide for immediate automatic or electronic notification to alert municipal and/or state law enforcement agencies to an unauthorized breach or attempted unauthorized breach of security at the compassion center or any other authorized physical address and to any loss-of-electrical support backup system to the security alarm system. Each compassion center must test the security alarm system for each authorized location at intervals not to exceed thirty calendar days from the previous test.

Each compassion center must have a fully operational video surveillance and camera recording system which includes but is not limited to the following; all video surveillance systems must be equipped with a failure notification system that provides prompt notification of any surveillance interruption and/or the complete failure of the surveillance system, remote access to a continuous live feed video on a real time basis available at all times to the authorized compassion center personnel and the DBR upon request, and camera coverage set in all areas where cannabis and cannabis products are grown, cultivated, stored, weighed, packaged, processed, manufactured or sold, including all areas of ingress and egress thereto, point-of-sale areas, and security rooms.

Camera views of required coverage areas shall be continuously recorded 24 hours a day, seven days per week. All surveillance recordings must be kept for a minimum of 60 days. Surveillance recording equipment and all video surveillance records and recordings must be housed in a designated, locked and secured room or other enclosure with access limited to compassion center personnel specifically authorized by management.

Inventory Control

An authorized compassion center is required to utilize the state approved Medical Marijuana Program Tracking System, Agrisoft, to document and monitor compliance with seed to sales inventory tracking. This includes point of sales, dispensing limits, patient information privacy protections, inventory supply, restrictions on third party supply and sources of cannabis and cannabis products and transfers off the premises. A compassion center must limit its Inventory of seedlings, plants, and usable cannabis to reflect the projected needs of qualifying patients.

A compassion center should be equipped to conduct an initial comprehensive inventory of all medical cannabis, including usable cannabis, cannabis plants and seedlings, unusable cannabis, and wet cannabis, and perform subsequent comprehensive inventories at intervals at least every 24 months. On a monthly basis, a compassion center must be able to assess its inventory in these same categories.

All cannabis product must be tagged and assigned a unique identifier through each stage of cultivation from seed propagation to packaging via the Medical Marijuana Program Tracking System and marked with a registration number, barcodes and/or alphanumeric code, and registered premises location. Once assigned a unique identifier tag within the Medical Marijuana Program Tracking System, tags may not be altered or duplicated. An identifier tag is to be assigned only when affixed to cannabis plants, wet cannabis, or usable cannabis which is ready to be sold or transferred.

Record-keeping

The DBR requires compassion centers retain hard-copy and electronic records to document all cultivation and dispensing activities of the center. Records to be maintained for a period of at least 5 years include real-time logs of all acquisitions, dispensing, and sales of cannabis in the Medical Marijuana Program Tracking System, applicable limits applied to all dispensing and sales transactions, training procedures and training attendee logs, specifically, on use of the Medical Marijuana Program Tracking System and any other tracking system used by the compassion center. Records pertaining to transaction activity occurring within the previous six months must be stored on the center premises. Records dating beyond six months may be stored off the premises with the state's approval.

Other records to be retained include personnel records, purchase orders with licensed cultivators, including any canceled or voided contracts or purchased orders, invoices and supporting documentation of all cannabis purchases, acquisitions, transfers, payments and third-party vendor contracts. Activity pertaining to security including the security alarm and video surveillance systems, testing, upgrades site inspections and visitor logs must be stored digitally on the premises for at least 24 months after the event.

Compassion centers must keep detailed records of any pesticide products used and application regiments, including video recording during pesticide applications which must cease if there is a failure or disruption of the video surveillance system. The record-keeping requirement is independent of that required of commercial pesticide applicators by the state's Department of Environmental Management.

Assessing the Markets/Business

The Subsidiaries operate in a large, fragmented marketplace. There are certain large cannabis growers as well as a large segment of small and local cannabis product firms who provide a variety of different products and services. See Section 4.1 for additional details on cannabis market and business.

Competitive Conditions and Environment

See Section 4.1 for a discussion of the competitive conditions in the cannabis market and business.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

Pubco

The following table provides a brief summary of Pubco's financial operations for the each of the two most recently completed financial years. Refer to Schedule "A" for a complete copy of Pubco's audited financial statements for the years ended August 31, 2018 and 2017. See also, Schedule "G" for pro-forma financial statements of the Resulting Issuer as at June 30, 2018.

Description	Year Ended August 31, 2018 (audited) (C$)	Year Ended August 31, 2017 (audited) (C$)
Revenue	$ 0	$ 0
Loss from continuing operations	$ (16,684)	$ (187,380)
Loss per share from continuing operations	$ (0.002)	$ (0.058)
Net loss	$ (16,684)	$ (187,380)
Net loss per share basic and diluted	$ (0.002)	$ (0.058)
Total assets	$ 29,042	$ 599
Total long-term financial liabilities	$ 304,348	$ 0

Acreage Holdings

The following table provides a brief summary of Acreage Holdings' consolidated financial operations for the each of the two most recently completed financial years, and the six month period ended June 30, 2018. Refer to Schedules "C" and "E" for complete copies of Acreage Holdings' financial statements for the years ended December 31, 2017 and 2016, and the unaudited interim financial statements for the six months ended June 30, 2018. See also, Schedule "G" for pro-forma financial statements of the Resulting Issuer as at June 30, 2018.

Description	Year Ended December 31, 2017 (audited) ($000s)	Year Ended December 31, 2016 (audited) ($000s)	Six Months Ended June 30, 2018 (unaudited) ($000s)
Revenue	$ 7,743	$ 3,771	$ 5,148
Income (loss) from continuing operations [(1)]	$ (6,810)	$ (1,999)	$ 2,405
Net income (loss)	$ (7,616)	$ (2,408)	$ 1,922
Total assets	$ 73,009	$ 31,486	$ 224,060
Total long-term financial liabilities	$ 32,470	$ 655	$ 47,930

Notes:
(1) Income from continuing operations is prior to income tax expense.

Resulting Issuer

As the Resulting Issuer will be formed as a result of the RTO, it does not have historical financial statements presented on a consolidated basis. The following table provides a brief summary of financial information of the Resulting Issuer as at June 30, 2018. See also, Schedule "G" for pro-forma financial statements of the Resulting Issuer as at June 30, 2018.

Description	Six Months Ended June 30, 2018 (pro forma) ($000s)
Revenue	$ 14,126
Net operating loss	$ (27,941)
Net loss	$ (16,937)
Total assets	$ 549,315
Total long-term financial liabilities	$ 13,317

The financial statements included in this Listing Statement have been, and the future financial statements of the Resulting Issuer will be, prepared in accordance with IFRS.

5.2 Dividends

The Resulting Issuer does not intend, and is not required, to pay any dividends on the Resulting Issuer Shares. Any future determination to pay dividends will be at the discretion of the Resulting Issuer Board and will depend, among other things, on the financial condition, earnings, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the Resulting Issuer Board deems relevant. The Resulting Issuer's ability to pay dividends may be affected by U.S. state and federal regulations. See "*Risk Factors*".

Notwithstanding the foregoing, pursuant to the Tax Receivable Agreement and the Tax Receivable Bonus Plan, certain Acreage Holdings Members are entitled to payments of certain tax benefits . See "*Description of Securities - description of Share Capital of the Resulting Issuer - Tax Receivable Agreement - Tax Receivable Bonus Plan*".

5.3 Foreign GAAP

Not applicable.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Please refer to Schedule "B" for Pubco's MD&A for the fiscal years ended August 31, 2018 and 2017.

Please refer to Schedule "D" for Acreage Holdings' MD&A for the fiscal years ended December 31, 2017 and 2016 and to Schedule "F" for the three and six months ended June 30, 2018 and 2017.

7. MARKET FOR SECURITIES

On February 20, 2001, Pubco's shares ceased trading OTC on the Canadian Dealing Network (AIMC.A / AIMC.B) when the Ontario Securities Commission issued a cease trade order on Pubco's securities as a result of Pubco's failure to meet certain filing requirements. The Ontario Securities Commission revoked the cease trade order on August 26, 2011. The Resulting Issuer has applied to list the Subordinate Voting Shares on the CSE under the symbol "ACRG.U".

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the expected capitalization of the Resulting Issuer, as at November 13, 2018, after giving pro forma effect to the RTO.

Description	Number Outstanding Prior to Giving Effect to the SR Financing and the RTO	Number Outstanding After Giving Effect to the SR Financing and the RTO	Number Outstanding After Giving Effect to the SR Financing and the RTO on an as converted to Subordinate Voting Shares[3]
Acreage Holdings:			
Class A Units	20,000,000	-	-
Class A PIK	455,127	-	-
Class B Units	20,000,000	15,957,908	-
Class C Units	6,000,000	5,059,719	-
Class C-1 Units	6,475,000	5,875,000	-
Class D Units	17,018,390	-	-
Class E Units	19,352,143	142,903	-
Acreage Holdings Notes	6,473,521	-	-
Acreage Holdings Warrants	1,877,607	-	-
Pubco:[2]			
Class A subordinate voting shares	5,738,435	-	-
Class B multiple voting shares	7,839,599	-	-
Class C preference shares	-	-	-
Resulting Issuer:			
Subordinate Voting Shares	-	[1] 21,443,042	[1][2] 108,400,017
Proportionate Voting Shares	-	1,445,879	-
Multiple Voting Shares	-	168,000	-
Resulting Issuer Warrants (Subordinate Voting Shares)	-	1,877,607	-
Resulting Issuer Warrants (Proportionate Voting Shares)	-	5,575	-
Options[4]	-	4,254,500	-
RSUs[5]		2,285,850	-
Stock Awards[6]		15,900	-
Compensation Options	-	157,512	-

Notes:
(1) reflects gross proceeds under the Finco SR Financing of $314,153,600 and a SR Offering Price of $25.00 per Finco Subscription Receipt.
(2) assumes a pre-RTO valuation of Pubco at C$1,250,000.
(3) assumes conversion of 1,445,879 Proportionate Voting Shares on a 40:1 basis and the conversion, redemption and exchange, as applicable, of 168,000 Multiple Voting Shares, 15,957,908 Class B Membership Units, 5,059,719 Class C Membership Units, 142,903 Class E Membership Units, 5,875,000 Class C-1 profit interests and 1,918,285 Class B Non-Voting Common Shares of USCo2 on a 1:1 basis.
(4) assumes issuance of 4,254,500 Options to certain officers, directors and employees immediately following completion of the RTO.
(5) assumes issuance of 2,285,850 RSUs to certain officers, directors and employees immediately following completion of the RTO.
(6) assumes issuance of 15,900 Stock Awards to Mr. Doherty immediately following completion of the RTO.

9. OPTIONS TO PURCHASE SECURITIES

The following table sets forth the aggregate number of Options of the Resulting Issuer that will be outstanding immediately following completion of the RTO. The Options will be subject to the New Omnibus Equity Plan, the principal terms of which are described below.

Category of Option holder	Subordinate Voting Shares Under Options Granted	Exercise Price ($)	Date of Grant
All executive officers and past executive officers of the Resulting Issuer as a group and all directors and past directors of the Resulting Issuer who are not also executive officers as a group	2,560,000	25.00	November 14, 2018
All executive officers and past executive officers of all subsidiaries of the Resulting Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, excluding individuals referred to in (a) above	Nil	N/A	N/A
All other employees and past employees of the Resulting Issuer as a group	1,694,500	25.00	November 14, 2018
All other employees and past employees of subsidiaries of the Resulting Issuer as a group	Nil	N/A	N/A
All consultants of the Resulting Issuer as a group	Nil	N/A	N/A

Summary of New Omnibus Equity Plan

The principal features of the New Omnibus Equity Plan are summarized below.

Purpose

Pursuant to the New Omnibus Equity Plan, the Resulting Issuer will be able to issue equity-based compensation in the form of stock options ("**Options**"), stock appreciation rights, stock awards ("**Stock Awards**"), unrestricted shares or restricted shares, deferred share units, restricted share units ("**RSUs**"), performance shares, performance units, and other stock-based awards to eligible participants, which are referred to herein collectively as "**Awards**" as more fully described below.

The purpose of the New Omnibus Equity Plan is to enable the Resulting Issuer and certain of its Subsidiaries to obtain and retain services of the eligible participants, which is essential to the Resulting Issuer's long-term success.

The granting of Awards under the New Omnibus Equity Plan is intended to promote the long-term financial interests and growth of the Resulting Issuer and its Subsidiaries by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of the Resulting Issuer's business. Moreover, the New Omnibus Equity Plan aims to align the interests of eligible participants with those of the shareholders of the Resulting Issuer through opportunities of increased equity-based ownership in the Resulting Issuer.

The maximization of shareholder value is encouraged by the granting of incentives under the New Omnibus Equity Plan. An objective of the New Omnibus Equity Plan is to reward and retain NEOs. The program is designed to reward NEOs for maximizing shareholder value in a volatile commodity-based business in a regulatory compliant and ethical manner. Increasing the value of Subordinate Voting Shares increases the value of the stock options. This incentive closely links the interests of the officers and directors to shareholders of the Resulting Issuer and encourages a long-term commitment to the Resulting Issuer.

Eligibility

Eligible participants under the plan include directors, officers (including the NEOs), employees and consultants of the Resulting Issuer and its Subsidiaries (the "**Participants**").

Administration

The New Omnibus Equity Plan will be administered by the Compensation and Corporate Governance Committee while the specific granting of Awards will be authorized by the Resulting Issuer Board. The following discussion is qualified in its entirety by the text of the New Omnibus Equity Plan.

The terms and conditions attaching to the Awards will be determined by Compensation and Corporate Governance Committee and will be set forth in grant agreements. The Compensation and Corporate Governance Committee will have the power and discretionary authority to determine the terms and conditions of the Awards, including the individuals who will receive the Awards, the type and number of awards subject to each Award, the terms of settling the Awards, the form of consideration payable on settlement of Awards and the timing of the Awards.

Options

The exercise price of any Options shall be determined by the Compensation and Corporate Governance Committee, subject to CSE approval (if required), at the time such Options are granted. In no event shall such exercise price be lower than the greater of the closing market prices of the underlying securities on: (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options. Subject to any vesting restrictions imposed by the CSE, the Compensation and Corporate Governance Committee may determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist. If an Option is canceled prior to its expiry date, the Resulting Issuer must post notice of the cancellation and shall not grant new Options to the same person until 30 days have elapsed from the date of cancellation.

The outstanding Options and stock appreciation rights that will terminate upon the effective time of the change in control (as such term is defined in the New Omnibus Equity Plan) of the Resulting Issuer shall, immediately before the effective time of such change in control, become fully exercisable and the holders of such Awards, as applicable, will be permitted, immediately before the change in control, to exercise such awards.

General

Subject to adjustment provisions as provided in the New Omnibus Equity Plan, the maximum number of Subordinate Voting Shares that may be issued under the New Omnibus Equity Plan shall be equal to 10% of the number of issued and outstanding Subordinate Voting Shares from time to time, on an as converted to Subordinate Voting Shares basis. Such Awards may be made in any form permitted under the New Omnibus Equity Plan, in any combinations approved by the Compensation and Corporate Governance Committee.

The Compensation and Corporate Governance Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the New Omnibus Equity Plan shall be non-transferable except by will or by the laws of descent and distribution. Except as explicitly provided in an Award, no Participant shall have any rights as a shareholder with respect to Subordinate Voting Shares covered by Awards, unless and until such Awards are settled in Subordinate Voting Shares.

No Option (or, if applicable, RSUs) shall be exercisable, no Subordinate Voting Shares shall be issued, no certificates for Subordinate Voting Shares shall be delivered and no payment shall be made under the New Omnibus Equity Plan except in compliance with all applicable laws.

Effective upon the closing of the RTO, it is anticipated that the Resulting Issuer Board will issue 2,285,850 RSUs, 4,254,500 Options and 15,900 Stock Awards to certain directors, officers and employees, each pursuant to the New Omnibus Equity Plan to acquire an aggregate of 6,556,250 Subordinate Voting Shares (representing 6.05% of the issued and outstanding Subordinate Voting Shares on an as converted to Subordinate Voting Shares basis). Immediately after completion of the RTO, 4,329,493 Subordinate Voting Shares (representing 3.99% of the issued and outstanding Subordinate Voting Shares on an as converted to Subordinate Voting Shares basis) will remain available for Awards pursuant to the New Omnibus Equity Plan.

Tax Withholding

The Resulting Issuer may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Participants will be required to pay any withholding tax obligations to the Resulting Issuer or any of its Subsidiaries.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Securities

Description of Share Capital of the Resulting Issuer

The authorized share capital of the Resulting Issuer will consist of an unlimited number of Subordinate Voting Shares, an unlimited number of Proportionate Voting Shares and an unlimited number of Multiple Voting Shares. Upon completion of the RTO, the Subordinate Voting Shares will represent approximately 3.7% of the voting rights attached to outstanding securities of the Resulting Issuer, the Proportionate Voting Shares will represent approximately 9.9% of the voting rights attached to outstanding securities of the Resulting Issuer and the Multiple Voting Shares will represent approximately 86.4% of the voting rights attached to outstanding securities of the Resulting Issuer.

The following is a summary of the rights, privileges, restrictions and conditions attached to the proposed Subordinate Voting Shares, the Proportionate Voting Shares and the Multiple Voting Shares.

Subordinate Voting Shares

Holders of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

As long as any Subordinate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Resulting Issuer, dividends in cash or property of the Resulting Issuer. No dividend will be declared or paid on the Subordinate Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio) on the Proportionate Voting Shares and Multiple Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with all other holders of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio).

Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Proportionate Voting Shares

Holders of Proportionate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Proportionate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted (initially 40 votes per Proportionate Voting Share held).

As long as any Proportionate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Proportionate Voting Shares and Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Proportionate Voting Shares. Consent of the holders of a majority of the outstanding Proportionate Voting Shares and Multiple Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Proportionate Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Proportionate Voting Shares will have one vote in respect of each Proportionate Voting Share held.

Holders of Proportionate Voting Shares will be entitled to receive, as and when declared by the directors of the Resulting Issuer, dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratios) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Proportionate Voting Shares unless the Resulting Issuers simultaneously declares or pays, as applicable, equivalent dividends on the Subordinate Voting Shares and Multiple Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Proportionate Voting Shares, be entitled to participate rateably along with all other holders of Proportionate Voting Shares, Subordinate Voting Shares and Multiple Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratios).

Holders of Proportionate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Each Proportionate Voting Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Resulting Issuer or any transfer agent for such shares, into a number of fully paid and non-assessable Subordinate Voting Shares which shall represent the equivalent voting power of the converted Proportionate Voting Share and as shall be adjusted from time to time for distributions, recapitalizations and stock splits. The ability to convert the Proportionate Voting Shares is subject to a restriction that, unless the Board determines otherwise, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions.

Multiple Voting Shares

Holders of Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to 3,000 votes in respect of each Multiple Voting Share held. Each Multiple Voting Share shall automatically convert, without any action on the part of the holder thereof, into Subordinate Voting Shares on the basis of one Subordinate Voting Share for one Multiple Voting Share upon the earliest of the date that (i) the aggregate number of Multiple Voting Shares held by the holders of Multiple Voting Shares together with the affiliates thereof are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Multiple Voting Shares held by such holder together with the affiliates on the date of completion of the RTO, (ii) the aggregate number of Acreage Holdings Units held by the holders of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Acreage Holdings Units held by such holders together with the affiliates on the date of completion of the RTO, and (iii) is five years following completion of the RTO.

Multiple Voting Shares are intended to provide voting control to Mr. Murphy. As long as any Multiple Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. Additionally, consent of the holders of a majority of the outstanding Multiple Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Multiple Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

Holders of Multiple Voting Shares will be entitled to receive, as and when declared by the directors of the Resulting Issuer, dividends out of any cash or other assets legally available therefor, *pari passu* (on an as-converted basis, assuming conversion of all Multiple Voting Shares into Proportionate Voting Shares and then into Subordinate Voting Shares, and the conversion of all Proportionate Voting Shares into Subordinate Voting Shares at the applicable conversion ratios) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends on the Subordinate Voting Shares and Proportionate Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Multiple Voting Shares, be entitled to participate rateably along with all other holders of Multiple Voting Shares, Proportionate Voting Shares and Subordinate Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio).

Holders of Multiple Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, Proportionate Voting Shares or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No Multiple Voting Share will be permitted to be transferred by the holder thereof without the prior written consent of the Resulting Issuer Board.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Each Multiple Voting Share shall automatically convert, without any action on the part of the holder thereof, into Subordinate Voting Shares on the basis of one Subordinate Voting Share for one Multiple Voting Share upon the earliest of the date that (i) the aggregate number of Multiple Voting Shares held by the holder of Multiple Voting Shares together with its Affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Multiple Voting Shares held by such holder together with its Affiliates on the date of completion of the RTO, (ii) the aggregate number of Acreage Holdings Units held by the holder of Multiple Voting Shares together with its Affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Acreage Holdings Units held by such holder together with its Affiliates on the date of completion of the RTO, and (iii) is five (5) years following completion of the RTO.

Coattail Provisions

In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

(a) required, pursuant to applicable securities legislation or the rules of, or as a condition of listing on, any stock exchange on which: (i) the Proportionate Voting Shares; or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and

(b) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to 0.025 of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares on the basis of 40 Subordinate Voting Shares for one Proportionate Voting Share; at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**"). For avoidance of doubt, fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is exercised which is less than 40.

The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Resulting Issuer will procure that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

Coattail Agreement

In connection with the RTO, the holder of Multiple Voting Shares will enter into a coattail agreement (the "**Coattail Agreement**") with Acreage Holdings and the transfer agent for the Subordinate Voting Shares pursuant to which the holders of Subordinate Voting Shares will be granted rights similar those to be granted to them in connection with the Proportionate Voting Shares as described above under "-- *Coattail Provisions*".

Description of Capital of USCo

The authorized share capital (together, the "**USCo Shares**") of USCo consists of (i) 100,000,000 shares of Class A voting common stock, (ii) 100,000,000 shares of Class B voting common stock, and (iii) 100,000,000 shares of Class C voting common stock.

Holders of USCo Shares are entitled to receive notice of, attend and vote at meetings of the securityholders of USCo, and vote together as a single class. Each USCo Share entitles the holder thereof to one vote on all matters upon which holders of USCo Shares are entitled to vote.

Following completion of the RTO, the Founder and certain executive employees will retain their interest in Acreage Holdings and enter into a tax receivable agreement with USCo, Acreage Holdings and certain of the Acreage Holdings members (the "**Tax Receivable Agreement"**). USCo will be the sole manager of Acreage Holdings and will have the exclusive right, power and authority to manage, control, administer and operate the business and affairs, and to make decisions regarding the undertaking and business, of Acreage Holdings in accordance with the amended and restated limited liability company agreement of Acreage Holdings, which shall become effective as of the Closing (the "**A&R LLC Agreement**"). Following the completion of the RTO, all outstanding USCo Shares will be held by the Resulting Issuer.

A&R LLC Agreement

The following is a summary of the material provisions set forth in the A&R LLC Agreement, which amended, restated and superseded the Prior LLC Agreement in its entirety upon consummation of the RTO.

Acreage Holdings will have perpetual existence and will continue as a limited liability company until and unless Acreage Holdings is terminated or dissolved in accordance with the A&R LLC Agreement and the Delaware Limited Liability Company Act, as may be amended or restated from time to time (the "**DLLCA**").

The principal purpose and business of Acreage Holdings shall be to engage in any lawful act or activity for which a limited liability company may be organized under the DLLCA and to conduct such other activities as may be necessary, advisable, convenient or appropriate to promote or conduct the business of Acreage Holdings as set forth herein, including, but not limited to, operating in the legal cannabis sector, which includes making and holding investments in equity and debt securities of cannabis related businesses, and operating cultivation, processing and dispensing activities with respect to cannabis products.

USCo is the sole manager of Acreage Holdings and will manage all of Acreage Holdings' operations and activities in accordance with the A&R LLC Agreement. USCo has the capacity and authority to act as the manager of Acreage Holdings.

Subject to the terms of the A&R LLC Agreement and the DLLCA, USCo has the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of Acreage Holdings. Among other things, USCo is empowered to negotiate, execute and perform all agreements, conveyances or other instruments on behalf of Acreage Holdings, and to mortgage, charge or otherwise create a security interest over any or all of the property of Acreage Holdings or its subsidiaries, and to sell property subject to such a security interest.

The A&R LLC Agreement provides that, where USCo is permitted or required to take any action or to make a decision in its "sole discretion", "discretion", with "complete discretion" or any other grant of similar authority and latitude under the A&R LLC Agreement in managing Acreage Holdings' operations and activities, USCo shall be entitled to consider only such interests and factors as it desires, including its own interests and shall, to the fullest extent permitted by the DLLCA, have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of, or factors affecting, Acreage Holdings or the other Acreage Holdings members.

Despite the foregoing, USCo will only be able to take certain types of actions (as set forth in the A&R LLC Agreement) if the same are approved, consented to or directed by a majority of the Acreage Holdings Members.

Upon Closing, the capital of Acreage Holdings shall initially consist of two classes of Acreage Holdings Units: Common Units and Class C-1 Membership Units. The interest of USCo is to be represented by Common Units with the number of issued Common Units immediately following the Closing to be equal to the respective number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding prior to the completion of the RTO, provided; however, that such Common Units held by each of USCo and USCo2 shall not entitle USCo or USCo2, respectively, to any exchange or redemption rights with respect to such Common Units; the interests of other Acreage Holdings Members will be represented by Common Units, pursuant to which all such other members shall be entitled to certain exchange rights and redemption rights, as provided in the A&R LLC Agreement. The A&R LLC Agreement shall also authorize the issuance of Class C-1 Membership Units to persons who provide services for or on behalf of Acreage Holdings or any of its subsidiaries, which such Class C-1 Membership Units shall entitle the holder to certain rights and privileges, including the right to convert such Class C-1 Membership Units to Common Units, subject to certain restrictions, qualifications and limitations, each as provided in the A&R LLC Agreement.

When the Resulting Issuer issues Subordinate Voting Shares, it may contribute all or a portion of the net proceeds to USCo in exchange for additional USCo Shares. Upon receipt of any such net proceeds from the Resulting Issuer, USCo will generally contribute such net proceeds to Acreage Holdings as a capital contribution on account of its Common Units. In the event that a new class of shares in the capital of the Resulting Issuer is created, USCo may create a corresponding new class of Acreage Holdings units that has corresponding distribution rights to such new class of the Resulting Issuer Shares and will cause Acreage Holdings to issue new units of such class to USCo. The Resulting Issuer may contribute all or a portion of the net proceeds from the issuance of any such shares to USCo and USCo, upon receipt of such proceeds, will generally contribute such net proceeds to Acreage Holdings in exchange for such Acreage Holdings units.

If the Resulting Issuer proposes to redeem, repurchase or otherwise acquire any Subordinate Voting Shares for cash, the A&R LLC Agreement requires that USCo cause Acreage Holdings to redeem a corresponding number of Common Units held by USCo at an aggregate redemption price equal to the aggregate purchase or redemption price of the Subordinate Voting Shares being repurchased or redeemed by the Resulting Issuer (plus any expenses related thereto) and upon such other terms as are the same for the redemption by the Resulting Issuer, and the A&R LLC Agreement further requires that USCo, immediately prior to such redemption, repurchase or acquisition by the Resulting Issuer, but immediately following the redemption by Acreage Holdings, to redeem a corresponding number of USCo Shares held by the Resulting Issuer at an aggregate redemption price equal to the aggregate purchase or redemption price of the Subordinate Voting Shares being repurchased or redeemed by the Resulting Issuer (plus any expenses related thereto) and upon such other terms as are the same for the redemption by the Resulting Issuer.

In the event that any change is effected in the share capital of the Resulting Issuer, Acreage Holdings shall undertake all actions requested by USCo, including a reclassification, distribution, division or recapitalization of the Common Units to maintain at all times the same ratios between the number of Subordinate Voting Shares, the number of USCo Shares and USCo2 shares, and the number of Common Units issued and outstanding immediately prior to any such reclassification, consolidation, split, dividend of securities or other recapitalization including, without limitation, also effecting a reclassification, consolidation, split, dividend of securities or other recapitalization with respect to, as applicable, the Subordinate Voting Shares and Common Units.

A holder of Common Units (other than USCo and USCo2, respectively) will have the right to cause Acreage Holdings to redeem its Common Units. If a holder of Common Units (other than USCo and USCo, respectively) exercises its exchange right, Acreage Holdings will repurchase for cancellation each such Common Unit submitted for exchange in consideration for either one Subordinate Voting Share or a cash amount equal to the cash settlement amount applicable to such Common Unit, as determined by USCo; provided that USCo shall have the right to complete such exchange directly with the redeeming holder or may assign to the Resulting Issuer its rights and obligations to effect an exchange directly with the redeeming holder.

Any holder that causes Acreage Holdings to redeem its Common Units pursuant to the terms of the A&R LLC Agreement and otherwise fails to comply with the documentation requirements of Code Section 1446, including the requirement that such holder provide to Acreage Holdings a properly completed IRS Form W-9 or satisfy another exception as permitted within Code Section 1446, prior to the effective time of any such redemption or exchange, will generally be subject to U.S. withholding tax equal to ten percent (10%) of the fair market value of the Subordinate Voting Shares or the cash, as applicable, to be delivered to such holder pursuant to such redemption or exchange.

Except as described above, the A&R LLC Agreement authorizes USCo to cause Acreage Holdings to issue additional Common Units and securities convertible or exchangeable into Common Units on any terms and conditions of offering and sale as USCo in its discretion may determine, including with respect to acquisitions by Acreage Holdings of additional assets or equity interests in corporations, partnerships, limited liability companies and other entities and with respect to executive compensation. Unless otherwise determined by USCo, no person or entity shall have preemptive, preferential or any other similar right with respect to the issuances of any interest in Acreage Holdings.

Except as permitted by the A&R LLC Agreement, no holder of Common Units may transfer any interest in such Common Units. The A&R LLC Agreement permits a transfer of Common Units pursuant to (i) the prior written approval of USCo, (ii) the exercise of exchange or redemption rights by any holder of Common Units, or (iii) certain other limited circumstances. Prior to transferring any Common Units, the transferring holder of Common Units will cause the transferee to execute a joinder to the A&R LLC Agreement and any other agreements required pursuant to the terms of the A&R LLC Agreement. Any transfer or attempted transfer of any Common Units in violation of any provision of the A&R LLC Agreement shall be void and Acreage Holdings shall not record such transfer on its books or treat any purported transferee as the owner of such Common Units for any purpose.

In no event shall any transfer of Common Units be effective to the extent such transfer could, in the reasonable determination of USCo:

- result in a violation of the United States Securities Act of 1933, as amended, or any other applicable federal, state or foreign laws;
- cause an assignment under the United States Investment Company Act of 1940, as amended;
- be a violation of or a default (or an event that, with notice or the lapse of time or both, would constitute a default) under, or result in an acceleration of any indebtedness under, any promissory note, mortgage, loan agreement, indenture or similar instrument or agreement to which Acreage Holdings or USCo is a party; provided that the payee or creditor to whom Acreage Holdings or USCo owes such obligation is not an affiliate of Acreage Holdings or USCo;
- cause Acreage Holdings to lose its status as a partnership for federal income tax purposes or, without limiting the generality of the foregoing, be effected on or through an "established securities market" or a "secondary market or the substantial equivalent thereof," as such terms are used in Section 1.7704-1 of United States Treasury Regulations;
- be a transfer to a person who is not legally competent or who has not achieved his or her majority under applicable law (excluding trusts for the benefit of minors);
- cause Acreage Holdings or any Acreage Holdings member or USCo to be treated as a fiduciary under the United States Employee Retirement Income Security Act of 1974, as amended;
- cause Acreage Holdings (as determined by USCo in its sole discretion) to be treated as a "publicly traded partnership" or to be taxed as a corporation pursuant to Section 7704 of the Code or successor provision of the Code; or
- result in Acreage Holdings having more than one hundred (100) partners, within the meaning of Treasury Regulations Section 1.7704-1(h)(1) (determined pursuant to the rules of Treasury Regulations section 1.7704-1(h)(3)) in any taxable year that is not a "restricted taxable year" (as defined in the A&R LLC Agreement).

Any holder that transfers its Common Units pursuant to the terms of the A&R LLC Agreement and otherwise fails to comply with the documentation requirements of Code Section 1446, including the requirement that such holder provide to Acreage Holdings a properly completed IRS Form W-9 or satisfy another exception as permitted within Code Section 1446, prior to the effective time of any such transfer, will generally be subject to U.S. withholding tax equal to ten percent (10%) of the fair market value of the consideration to be delivered to such holder pursuant to such redemption or exchange.

Each Acreage Holdings member who is an individual, including those persons who become Acreage Holdings members in connection with receiving any Common Units, automatically and irrevocably will appoint USCo, with full power of substitution, as that Acreage Holdings member's agent to execute and file documents or instruments required for, among other things, but subject in each case to the other provisions of the A&R LLC Agreement, the A&R LLC Agreement (or a joinder thereto), all instruments that USCo deems appropriate or necessary to reflect any amendment, change, modification or restatement of the A&R LLC Agreement, all conveyances and other instruments or documents which USCo deems appropriate or necessary to reflect the dissolution or liquidation of Acreage Holdings pursuant to the terms of the A&R LLC Agreement, all instruments relating to the admission, withdrawal or substitution of an Acreage Holdings member pursuant to the terms of the A&R LLC Agreement, and any other ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the reasonable judgment of USCo, to evidence, confirm or ratify any vote, consent, approval, agreement, or other action made or given by the Acreage Holdings members in accordance with the terms of the A&R LLC Agreement.

Following the issuance of the Common Units to the Acreage Holdings members pursuant to the adoption of the A&R LLC Agreement, the Acreage Holdings members will not be required to make further contributions to Acreage Holdings.

Neither Acreage Holdings nor USCo is liable for the return of any capital contribution made by an Acreage Holdings member to Acreage Holdings.

Subject to the provisions of the DLLCA and of similar legislation in other jurisdictions of the United States and the A&R LLC Agreement: (i) the liability of each Acreage Holdings member for the debts, liabilities and obligations of Acreage Holdings will be limited to the Acreage Holdings member's capital contribution, plus the Acreage Holdings member's share of any undistributed income of Acreage Holdings; and (ii) following payment of an Acreage Holdings member's capital contribution, such Acreage Holdings member may be required to return amounts previously distributed to such Acreage Holdings member in accordance with the DLLCA and the laws of the State of Delaware.

The A&R LLC Agreement states that an Acreage Holdings member (in its capacity as an Acreage Holdings member) does not have the authority or power to do any of the following:

- act for or on behalf of Acreage Holdings;
- to do any act that would be binding upon Acreage Holdings;
- make any expenditure on behalf of Acreage Holdings;
- seek or obtain partition by court decree or operation of law of any Acreage Holdings property; or
- own or use particular or individual assets of Acreage Holdings.

The A&R LLC Agreement provides that Acreage Holdings will indemnify each Acreage Holdings member for all liabilities incurred by the Acreage Holdings member that arise solely by reason of such Acreage Holdings member being a member of Acreage Holdings.

Subject to the provisions set forth in the A&R LLC Agreement, USCo will cause distributions to be made by Acreage Holdings as follows: (i) "distributable cash" (as defined in the A&R LLC Agreement) or other funds or property legally available to the extent permitted by the DLLCA and applicable law, to the Acreage Holdings members pro rata to each Acreage Holdings member's proportionate ownership interest in Acreage Holdings in amounts on terms as USCo will determine, and (ii) not less than five business days prior to the due date of a U.S. federal income tax return for an individual calendar year taxpayer, cash in an amount equal to the excess of each Acreage Holdings member's "assumed tax liability" (as defined in the A&R LLC Agreement) over distributions previously made to such Acreage Holdings member with respect to each such taxable period.

In no case will Acreage Holdings be required to make a distribution if such distribution would violate the DLLCA or any other applicable law.

The A&R LLC Agreement may be amended or modified by USCo as determined to be necessary or advisable, in the sole discretion of USCo, in connection with the adoption, implementation, modification or termination of certain equity plans by the Resulting Issuer. Subject to the right of USCo to amend the A&R LLC Agreement in connection with the adoption, implementation, modification or termination of certain equity plans by the Resulting Issuer, unless otherwise specified in the A&R LLC Agreement that a specific amendment requires the approval or action of certain persons, the A&R LLC Agreement may only be amended with the consent of USCo and Acreage Holdings members holding a majority of the outstanding Common Units.

USCo shall have the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of Acreage Holdings (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by Acreage Holdings) or the merger, consolidation, reorganization or other combination of Acreage Holdings with or into another entity.

The Acreage Holdings Members intend that Acreage Holdings be treated as a partnership for U.S. federal and, if applicable, state or local income tax purposes. Each Acreage Holdings Member and Acreage Holdings will file all tax returns and will otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

Acreage Holdings will dissolve, and its affairs will be wound up, upon the occurrence of any of the following events:

- the decision of USCo together with the holders of a majority of the then-outstanding Common Units entitled to vote to dissolve Acreage Holdings;
- a dissolution of Acreage Holdings under the DLLCA; or
- the entry of a decree of judicial dissolution of Acreage Holdings under the DLLCA.

Except as otherwise provided in the A&R LLC Agreement, Acreage Holdings is intended to have perpetual existence. The withdrawal of an Acreage Holdings member shall not cause a dissolution of Acreage Holdings and Acreage Holdings shall continue in existence subject to the terms and conditions of the A&R LLC Agreement.

Upon dissolution of Acreage Holdings, the procedure is as follows:

- the liquidators shall cause a proper accounting to be made by a recognized firm of certified public accountants of Acreage Holdings' assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;
- the liquidators shall cause the notice described in the DLLCA to be mailed to each known creditor of and claimant against Acreage Holdings in the manner described thereunder;
- the liquidators shall pay, satisfy or discharge from Acreage Holdings funds, or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash fund for contingent liabilities in such amount and for such term as the liquidators may reasonably determine): first, all expenses incurred in liquidation; and second, all of the debts, liabilities and obligations of Acreage Holdings; and
- all remaining assets of Acreage Holdings shall be distributed to the Acreage Holdings members in accordance with the terms of the A&R LLC Agreement by the end of the taxable year during which the liquidation of Acreage Holdings occurs (or, if later, by ninety (90) days after the date of the liquidation), which shall constitute a complete return to the Acreage Holdings members of their capital contributions to Acreage Holdings, a complete distribution to the Acreage Holdings members of their interest in Acreage Holdings and all of Acreage Holdings' property. To the extent that an Acreage Holdings member returns funds to Acreage Holdings, it has no claim against any other Acreage Holdings member for those funds.

USCo may resign as the sole manager of Acreage Holdings at any time by giving written notice to the Acreage Holdings Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Acreage Holdings Members, and the acceptance of the resignation shall not be necessary to make it effective. The Acreage Holdings Members have no right under the A&R LLC Agreement to remove or replace USCo as the sole manager of Acreage Holdings. Vacancies in the position of manager occurring for any reason will be filled by USCo (or, if USCo has ceased to exist without any success or assign, then by the holders of a majority in interest of the voting capital stock of USCo immediately prior to such cessation).

Under the A&R LLC Agreement, in most circumstances, Acreage Holdings will indemnify and hold harmless any person to the fullest extent permitted under the DLLCA, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits Acreage Holdings to provide broader indemnification rights than Acreage Holdings is providing immediately prior to such amendment, substitution or replacement), against all expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties) reasonably incurred or suffered by such person (or one or more of such person's affiliates) by reason of the fact that such person is or was an Acreage Holdings member or is or was serving at the request of Acreage Holdings as the manager, an officer, an employee or another agent of Acreage Holdings or is or was serving at the request of Acreage Holdings as a manager, member, employee or agent of another limited-liability company, corporation, partnership, joint venture, trust or other enterprise; provided, however, that no such person shall be indemnified for actions against Acreage Holdings, the Manager or Managers or any other Acreage Holdings members, or which are not made in good faith and not or in a manner which he or she reasonably believed to be in or not opposed to the best interests of Acreage Holdings, or, with respect to any criminal action or proceeding other than by or in the right of Acreage Holdings, had reasonable cause to believe the conduct was unlawful, or for any present or future breaches of any representations, warranties or covenants by such person or its affiliates as provided in the A&R LLC Agreement or other agreements to which Acreage Holdings is a party.

Expenses, including attorneys' fees, incurred by any such person in defending a proceeding, shall be paid by Acreage Holdings as they are incurred and in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount if it is ultimately determined by a court of competent jurisdiction that such person is not entitled to be indemnified by Acreage Holdings.

Acreage Holdings will maintain directors' and officers' liability insurance, or make other financial arrangements, at its expense, to protect any person indemnified pursuant to the A&R LLC Agreement against certain expenses, liabilities or losses described in the A&R LLC Agreement whether or not Acreage Holdings would otherwise have the power to indemnify such person against such expenses, liabilities or losses under the provisions of the A&R LLC Agreement. Acreage Holdings shall use its commercially reasonable efforts to purchase directors' and officers' liability insurance (including employment practices coverage) with a carrier and in an amount determined necessary or desirable as determined in good faith by USCo.

Acreage Holdings shall keep, or cause to be kept, appropriate books and records with respect to Acreage Holdings' business, including all books and records necessary to provide any information, lists and copies of documents required to be provided to each person who was an Acreage Holdings member during each fiscal year of Acreage Holdings as is reasonably necessary for the preparation of such person's U.S. federal and applicable state income tax returns.

All decisions to make or refrain from making any tax elections will be determined by USCo. USCo is authorized to represent Acreage Holdings, at Acreage Holdings' expense, in connection with all examinations of Acreage Holdings' affairs by tax authorities, including resulting administrative and judicial proceedings. Each Acreage Holdings member agrees to cooperate with USCo and to do or refrain from doing any or all things with regard to all things reasonably required by USCo to conduct such proceedings. USCo shall keep all Acreage Holdings members fully advised on a current basis of any contacts by or discussions with the tax authorities, and the Acreage Holdings members shall have the right to observe and participate through representatives of their own choosing (at their sole expense) in any tax proceedings.

Tax Receivable Agreement

In connection with the RTO, USCo will enter into a tax receivable agreement with Acreage Holdings and the Founder, certain executive employees and profit interests holders (the "**Tax Receivable Agreement**"). USCo expects to obtain an increase in its share of the tax basis of the assets of Acreage Holdings when an Acreage Holdings member receives cash or Subordinate Voting Shares in connection with a redemption or exchange of such Acreage Holdings Member's Common Units or profit interests in Acreage Holdings for Subordinate Voting Shares or cash (such basis increase, the "**Basis Adjustments**").

The Tax Receivable Agreement provides for the payment by USCo to Acreage Holdings Members of 65% of the amount of tax benefits, if any, that USCo actually realizes, or in some circumstances is deemed to realize, as a result of the redemption and exchange transactions described above, including increases in the tax basis of the assets of Acreage Holdings arising from such transactions, tax basis increases attributable to payments made under the Tax Receivable Agreement and deductions attributable to imputed interest and other payments of interest pursuant to the Tax Receivable Agreement. USCo expects to benefit from 15% of tax benefits, if any, that USCo may actually realize, with the remaining 20% paid to the Tax Receivable Bonus Plan, the material terms of which are summarized below.

The actual Basis Adjustments, as well as any amounts paid to the Acreage Holdings Members under the Tax Receivable Agreement, will vary depending on a number of factors, including:

- the timing of any subsequent redemptions or exchanges - for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of USCo at the time of each redemption or exchange;

- the price of Subordinate Voting Shares at the time of redemptions or exchanges - the Basis Adjustments, as well as any related increase in any tax deductions, is directly related to the price of Subordinate Voting Shares at the time of each redemption or exchange;

- the extent to which such redemptions or exchanges are taxable - if a redemption or exchange is not taxable for any reason, increased tax deductions will not be available; and

- the amount and timing of USCo income - the Tax Receivable Agreement generally will require USCo to pay 65% of the tax benefits as and when those benefits are treated as realized under the terms of the Tax Receivable Agreement. If USCo does not have taxable income, it generally will not be required (absent a change of control or other circumstances requiring an early termination payment) to make payments under the Tax Receivable Agreement for that taxable year because no tax benefits will have been actually realized. However, any tax benefits that do not result in realized tax benefits in a given taxable year will likely generate tax attributes that may be utilized to generate tax benefits in previous or future taxable years. The utilization of any such tax attributes will result in payments under the Tax Receivable Agreement.

The Tax Receivable Agreement will provide that if: (i) USCo materially breaches any of its material obligations under the Tax Receivable Agreement; (ii) certain mergers, asset sales, other forms of business combination, or other changes of control were to occur; or (iii) USCo elects an early termination of the Tax Receivable Agreement, then USCo's obligations, or its successor's obligations, under the Tax Receivable Agreement would accelerate and become due and payable, based on certain assumptions, including an assumption that USCo would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. As a result: (i) USCo could be required to make cash payments that are greater than the specified percentage of the actual benefits it ultimately realizes in respect of the tax benefits that are subject to the Tax Receivable Agreement; and (ii) if USCo elects to terminate it will be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits.

Acreage Holdings intends to treat such acquisition of Acreage Holdings Units as a direct purchase by Acreage Holdings of Acreage Holdings Units from an Acreage Holdings member for U.S. federal income and other applicable tax purposes, regardless of whether such Acreage Holdings Units surrendered by an Acreage Holdings member to Acreage Holdings, USCo or the Resulting Issuer upon the exercise by USCo of its election to acquire such Acreage Holdings Units directly or the exercise by USCo to assign its rights to acquire such Acreage Holdings Units directly to the Resulting Issuer. Basis Adjustments may have the effect of reducing the amounts that USCo may otherwise owe in the future to various tax authorities.

In its capacity as the sole manager of the Acreage Holdings, USCo will ensure that Acreage Holdings will have in effect an election under Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law) for each taxable year in which a redemption or exchange of Acreage Holding Units for Subordinate Voting Shares or cash occurs.

To the extent any Acreage Holdings member sells, exchanges, distributes, or otherwise transfers Acreage Holdings Units to any person, the Acreage Holdings member shall have the option to assign to the transferee of such Acreage Holdings Units its rights under the Tax Receivable Agreement with respect to such transferred Acreage Holdings Units. If an Acreage Holdings member transfers Acreage Holdings Units but does not assign to the transferee of such Acreage Holdings Units its rights under the Tax Receivable Agreement with respect to such transferred Acreage Holdings Units, such Acreage Holdings member shall continue to be entitled to receive the tax benefit payments arising in respect of a subsequent exchange of such Acreage Holding Units for Subordinate Voting Shares.

The payment obligations under the Tax Receivable Agreement are obligations of USCo and not of the Resulting Issuer or Acreage Holdings. The actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary. Any payments made by USCo to Acreage Holdings members under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to USCo (or to the Resulting Issuer or Acreage Holding) and, to the extent that USCo is unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by USCo.

Within 75 calendar days after the filing of the U.S. federal income tax return of USCo (or, if USCo becomes a member of an affiliated or consolidated group of corporations that files a consolidated U.S. federal income tax return pursuant to Section 1501 of the Code or any provision of U.S. state or local law, then such consolidated U.S. federal income tax return) for any taxable year in which there is a taxable benefit or detriment is realized, USCo shall provide to the Acreage Holdings member a schedule showing, in reasonable detail, the calculation of the realized tax benefit or detriment, as applicable, for such taxable year (the "**Tax Benefit Schedule**"). Within three business days following the date on which each Tax Benefit Schedule becomes final in accordance with the terms of the Tax Receivable Agreement, USCo shall pay to each relevant Acreage Holdings member the tax benefit payment as determined, as applicable. Any late payments that may be made under the Tax Receivable Agreement will continue to accrue interest until such payments are made, including any late payments that USCo may subsequently make because USCo did not have enough available cash to satisfy its payment obligations at the time at which they originally arose.

Tax Receivable Bonus Plan

In connection with the Tax Receivable Agreement, USCo established a tax receivable bonus plan (the "**Tax Receivable Bonus Plan**"). The principal features of the Tax Receivable Bonus Plan are summarized below.

Eligibility and Participation

Participants in the Tax Receivable Bonus Plan shall only include each individual who is classified as a member of the senior executive team of the Resulting Issuer and its affiliated entities, as identified therein (each, a "**Tax Receivable Bonus Plan Participant**"). A Tax Receivable Bonus Plan Participant who is terminated for cause from the Resulting Issuer or any of its affiliated entities shall be automatically precluded from any participation in the Tax Receivable Bonus Plan. Further, additional Tax Receivable Bonus Participants may not be added to the Tax Receivable Bonus Plan.

Participants must remain members of Acreage Holdings on the date on which a payment is made in order to receive a payout from the Tax Receivable Bonus Plan, unless granted an exception. Payments may be recommended to and approved in the case of death, disability, retirement, or transfer during the Tax Receivable Bonus Plan year. Any such payment, if made, shall be made on the same date as all other payments of the Tax Receivable Bonus Plan.

Bonus Pool

The "Total Bonus Pool" available for distribution each year under the Tax Receivable Bonus Plan shall be equal to 20% of the realized tax benefit for that year to USCo under that Tax Receivable Agreement.

Prior to distribution, the Total Bonus Pool shall be divided between all eligible Tax Receivable Bonus Plan Participants for the relevant year. No individual Tax Receivable Bonus Plan Participant is guaranteed any payment under the Tax Receivable Bonus Plan, regardless of his classification as a Tax Receivable Bonus Plan Participant for any given year. Total payments to all Tax Receivable Bonus Plan Participants under the Tax Receivable Bonus Plan any given year shall equal the Total Bonus Pool for that year.

Distribution

Payments to Tax Receivable Bonus Plan Participants under the Tax Receivable Bonus Plan shall be made in a single lump sum as soon as reasonably possible after USCo has determined the amount of the realized tax benefit for a given year but in all cases no later than December 1st of the year in which USCo's filing which results in the realized tax benefit is due without regard to extensions. A Tax Receivable Bonus Plan Participant must be an employee of USCo, an affiliate, or a subsidiary thereof as of the date on which the payment is actually made in order to receive a payment, subject to certain exemptions. In the event a Tax Receivable Bonus Plan Participant terminates employment after his or her bonus is determined, but prior to distribution, such payment shall be forfeited and retained by USCo or redistributed to eligible Tax Receivable Bonus Plan Participants.

Change in Control

Upon a Change of Control (as defined herein), a final distribution (the "**Final Distribution**") under the Tax Receivable Bonus Plan shall be made. The Final Distribution shall be in place of, not in addition to, any other distribution for such year. The Total Bonus Pool for distribution for the year in which the Change in Control occurs shall be equal to the realized tax benefit for such year. For purposes of this paragraph, a "Change in Control" shall only occur upon: (i) a change in the ownership or effective control of USCo, or a change in the ownership of a substantial portion of the assets of USCo as described in Treasury Regulations Section 1.409A-3(i)(5) and (ii) the termination of the Tax Receivable Agreement according to its terms within the same taxable year as the event described in subparagraph (i).

Tax Withholding

USCo shall have the authority to withhold amounts necessary for payment of any taxes.

Description of Capital of Acreage Holdings

Following completion of the RTO, holders of Class B Membership Units, with respect to a portion of such Class B Membership Units, and holders of Class C Membership Units and Class C-1 Membership Units shall retain their interest in Acreage Holdings and be granted redemption and exchange rights by the Resulting Issuer to permit the future redemption or exchange of the units they hold for Subordinate Voting Shares or cash pursuant to the Acreage Support Agreement (as defined herein).

A summary of the material provisions set forth in the Acreage Support Agreement is outlined below.

Acreage Support Agreement

The Resulting Issuer, USCo and Acreage Holdings will enter into the Acreage Support Agreement, pursuant to which the Resulting Issuer will agree that, so long as any Acreage Holdings Units which are redeemable or exchangeable for Subordinate Voting Shares and not owned by USCo or USCo2 are outstanding, the Resulting Issuer shall:

- take all such actions and do all such things as are reasonably necessary or desirable to enable and permit the Resulting Issuer, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption or exchange of Acreage Holdings Units by a holder thereof upon a redemption or exchange of such Acreage Holdings Units by the Resulting Issuer and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit the Resulting Issuer to cause to be delivered Subordinate Voting Shares and/or amounts in cash, as applicable, to the holders of Acreage Holdings Units in accordance with the provisions of the A&R LLC Agreement, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Acreage Holdings Units (if any); and

- take all such actions and do all such things as are reasonably necessary or desirable to enable and permit USCo, if it elects to effect a redemption or exchange of the Acreage Holdings Units directly with the holder thereof, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption or exchange of the Acreage Holdings Units by a holder thereof.

The Acreage Support Agreement will provide that in the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Subordinate Voting Shares is proposed by the Resulting Issuer or is proposed to the Resulting Issuer or its shareholders and is recommended to the Resulting Issuer Board, or is otherwise effected or to be effected with the consent or approval of the Resulting Issuer Board, and the Acreage Holdings Units are not redeemed by USCo or purchased by USCo or the Resulting Issuer pursuant to the terms of the A&R LLC Agreement, the Resulting Issuer will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Acreage Holdings Units (other than USCo or USCo2) to participate in such offer to the same extent and on an economically equivalent basis as the holders of Subordinate Voting Shares, without discrimination. Without limiting the generality of the foregoing, the Resulting Issuer will use its reasonable efforts in good faith to ensure that holders of Acreage Holdings Units may participate in each such offer.

The Acreage Support Agreement will provide that while any Acreage Holdings Units (or other rights pursuant to which Acreage Holdings Units may be acquired upon the exercise thereof) which are redeemable or exchangeable for Subordinate Voting Shares, other than Acreage Holdings Units held by USCo or USCo2 are outstanding, the Resulting Issuer will make available such number of Subordinate Voting Shares (or other shares or securities into which Subordinate Voting Shares may be reclassified or changed) without duplication sufficient to satisfy the issuance of Subordinate Voting Shares upon redemption of all currently outstanding Acreage Holdings Units or such Acreage Holdings Units which may be issuable upon the exercise of all rights to acquire such Acreage Holdings Units, in addition to any additional Subordinate Voting Shares as may be required to enable and permit the Resulting Issuer to meet its obligations under the A&R LLC Agreement, the Tax Receivable Agreement and under any other security or commitment pursuant to which the Resulting Issuer may be required to deliver Subordinate Voting Shares to any person.

Description of Capital of USCo2

The authorized share capital of USCo2 consists of 1,000,000,000 Class A Voting Common Shares and 1,000,000,000 Class B Non-Voting Common Shares.

Holders of Class A Voting Common Shares are entitled to receive notice of, attend and vote at meetings of the securityholders of USCo2 (other than meetings at which only holders of another class or series of shares are entitled to vote separately as a class or series). Each Class A Voting Common Share entitles the holder thereof to one vote on all matters upon which holders of Class A Voting Common Shares are entitled to vote.

Class B Non-Voting Common Shares do not entitle the holders thereof to receive notice of, attend or vote at meetings of the securityholders. A holder of Class B Non-Voting Common Shares (other than Acreage Holdings) has the right to cause USCo2 to redeem its Class B Non-Voting Common Shares. If a holder of Class B Non-Voting Common Shares (other than Acreage Holdings) exercises its redemption or exchange right, USCo2 will repurchase for cancellation each such Class B Non-Voting Common Share submitted for redemption or exchange in consideration for either one Subordinate Voting Share or a cash amount equal to the cash settlement amount applicable to such Class B Non-Voting Common Shares, as determined by USCo2; provided that USCo2 may assign to Acreage Holdings its rights and obligations to effect a redemption or exchange directly with the redeeming holder.

USCo2 Support Agreement

The Resulting Issuer and USCo2 will enter into a USCo2 Support Agreement (the "**USCo2 Support Agreement**"), pursuant to which the Resulting Issuer will agree that, so long as any shares of USCo2 which are redeemable or exchangeable for Subordinate Voting Shares and not owned by the Resulting Issuer are outstanding, the Resulting Issuer shall:

- take all such actions and do all such things as are reasonably necessary or desirable to enable and permit the Resulting Issuer, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption or exchange of USCo2 shares by a holder thereof upon a redemption or exchange of such USCo2 shares by the Resulting Issuer and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit the Resulting Issuer to cause to be delivered Subordinate Voting Shares and/or amounts in cash, as applicable, to the holders of USCo2 shares in accordance with the provisions of USCo2's Articles of Incorporation, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such USCo2 shares (if any); and

- take all such actions and do all such things as are reasonably necessary or desirable to enable and permit USCo2, if it elects to effect a redemption or exchange of USCo2 shares directly with the holder thereof, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption or exchange of USCo2 shares by a holder thereof.

The USCo2 Support Agreement will provide that in the event that a share exchange offer, issuer bid, take-over bid or similar transaction with respect to Subordinate Voting Shares is proposed by the Resulting Issuer or is proposed to the Resulting Issuer or its shareholders and is recommended to the Resulting Issuer Board, or is otherwise effected or to be effected with the consent or approval of the Resulting Issuer Board, and the USCo2 shares are not redeemed by USCo2 or purchased by USCo2 or the Resulting Issuer pursuant to the terms of the USCo2 Articles of Incorporation, the Resulting Issuer will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of USCo2 shares (other than the Resulting Issuer) to participate in such offer to the same extent and on an economically equivalent basis as the holders of Subordinate Voting Shares, without discrimination. Without limiting the generality of the foregoing, the Resulting Issuer will use its reasonable efforts in good faith to ensure that holders of USCo2 shares may participate in each such offer.

The USCo2 Support Agreement will provide that while any USCo2 shares (or other rights pursuant to which USCo2 shares may be acquired upon the exercise thereof) which are redeemable or exchangeable for Subordinate Voting Shares, other than USCo2 shares held by the Resulting Issuer, are outstanding, the Resulting Issuer will make available such number of Subordinate Voting Shares (or other shares or securities into which Subordinate Voting Shares may be reclassified or changed) without duplication sufficient to satisfy the issuance of Subordinate Voting Shared upon redemption of all currently outstanding USCo2 shares or such USCo2 shares which may be issuable upon the exercise of all rights to acquire such shares, in addition to any additional Subordinate Voting Shares as may be required to enable and permit the Resulting Issuer to meet its obligations under any security or commitment pursuant to which the Resulting Issuer may be required to deliver Subordinate Voting Shares to any person.

10.2 - 10.6 Miscellaneous Securities Provisions

See Section 10.1 above.

10.7 Prior Sales

In the 12 months preceding the date of this Listing Statement, Pubco has issued the following securities of Pubco:

Date of Issue	Security Type	Description of Consideration	Number of Securities	Price Per Security (C$)
10/5/2018	Class A Subordinate Voting Shares	Cash	750,000	$ 0.05
10/15/2018	Class A Subordinate Voting Shares	Cash	2,300,000	$ 0.06
10/15/2018	Class A Subordinate Voting Shares	Conversion of outstanding debenture in the principal amount of C$115,000	2,300,000	$ 0.05

In the 12 months preceding the date of this Listing Statement, Acreage Holdings has issued the following securities of Acreage Holdings:

Date of Issue	Security Type	Description of Consideration	Number of Units	Price Per Unit ($)
11/15/2017	Convertible Notes	Cash	6,473,521[1]	$ 4.83
12/28/2017	Profit Interests	Service Grant	3,250,000[2]	$ 0.47
3/15/2018	Profit Interests	Service Grant	3,838,000[2]	$ 0.43
5/4/2018	Class D Units	Purchase of SSBP	291,157	$ 6.20
5/16/2018	Class D Units	Purchase of MMRC	96,997	$ 6.20
5/18/2018	Class D Units	Cash	5,079	$ 6.20
5/25/2018	Class D Units	Purchase of WPMC	1,806,451	$ 6.20
5/31/2018	Class D Units	Purchase of CCC-CT	500,000	$ 6.20
6/20/2018	Class D Units	Purchase of Cannabliss	40,322	$ 6.20
6/24/2018	Class D Units	Purchase of Impire	403,266	$ 6.20
7/1/2018	Class D Units	Purchase of PCG	3,394,466	$ 6.20
7/2/2018	Class D Units	Management Contract with GL Apothecaries	671,371	$ 6.20
7/3/2018	Class D Units	Purchase of PATCC	2,413,568	$ 6.20
7/3/2018	Class D Units	Purchase of MA-RMD	161,290	$ 6.20
7/18/2018	Class D Units	Professional Services	14,113	$ 6.20
8/2/2018	Class E Units	Cash	19,352,143	$ 6.20
8/6/2018	Class D Units	Professional Services	241,935	$ 6.20
8/7/2018	Class D Units	Professional Services	13,440	$ 6.20
8/15/2018	Class D Units	Professional Services	45,309	$ 6.20
8/15/2018	Class D Units	Purchase of NYCANNA	3,479,820	$ 6.20
8/16/2018	Class D Units	Management Contract with GL Therapeutics	214,839	$ 6.20
8/31/2018	Class D Units	Professional Services	7,225	$ 6.20
8/31/2018	Class D Units	Purchase of WPMC	100,806	$ 6.20
9/13/2018	Class D Units	Purchase of PWCT	1,148,630	$ 6.20
9/19/2018	Class D Units	Purchase of WPMC	96,774	$ 6.20
9/21/2018	Class D Units	Professional Services	6,612	$ 6.20
9/21/2018	Class D Units	Professional Services	3,225	$ 6.20
9/21/2018	Class D Units	Professional Services	4,556	$ 6.20
9/21/2018	Class D Units	Professional Services	9,036	$ 6.20
9/21/2018	Class D Units	Professional Services	4,435	$ 6.20

Date of Issue	Security Type	Description of Consideration	Number of Units	Price Per Unit ($)
9/21/2018	Class D Units	Professional Services	82,233	$ 6.20
9/21/2018	Class D Units	Professional Services	52,436	$ 6.20
9/28/2018	Class D Units	Professional Services	161,290	$ 6.20
9/28/2018	Class D Units	Professional Services	161,290	$ 6.20
9/28/2018	Class D Units	Professional Services	161,290	$ 6.20
9/28/2018	Class D Units	Professional Services	161,290	$ 6.20
10/15/2018	Class D Units	Professional Services	8,065	$ 6.20
10/31/2018	Class D Units	Purchase of WPMC	40,322	$ 6.20
10/31/2018	Class D Units	Purchase of WPMC	40,322	$ 6.20

Notes:
(1) Price per unit represents conversion rate for the Acreage Holdings Note.
(2) Price per unit represents grant date fair market value of profit interests awards issued for services.

10.8 Stock Exchange Price

Not applicable.

11. ESCROWED SECURITIES

The securities of the Resulting Issuer will not be subject to escrow. Each holder of Acreage Holdings Units (including holders of Acreage Holdings Units received upon the conversion of Acreage Holdings Notes) immediately prior to the completion of the RTO and each director and officer of the Resulting Issuer, entered into lock-up agreements (each, a "**Lock Up**") pursuant to which such parties have agreed, subject to customary carve-outs and exceptions, to certain restrictions on the resale of their Resulting Issuer Shares. Such Lock Up will limit the percentage of each such holder's Resulting Issuer Shares that such holder may sell as set forth in the table immediately below.

Months Following the Closing of the RTO	Maximum Percentage of Resulting Issuer Shares Held on Closing of the RTO that May be Sold (cumulative)
0-2	Nil
2-4	5%
4-6	15%
6+	100%

For the avoidance of doubt, Subordinate Voting Shares acquired in the Finco SR Financing or in the open market by any such holder after completion of the RTO will not be subject to the Lock Up.

12. PRINCIPAL SHAREHOLDERS

Following the completion of the RTO, to the best of the knowledge of the Resulting Issuer, except as set out below, no person will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer:

Name, Jurisdiction of Residence	Number of Shares (1)(2)(3)	Class of Shares	Method of Ownership	Percentage of Class (1)(2)(3)	Percentage of Voting Rights of the Resulting Issuer Shares
Kevin Murphy (New York, United States)	168,000	Multiple Voting Shares	Record and Beneficially	100%	86.4%
	113,102(4)	Proportionate Voting Shares	Beneficial	7.8%	0.8%

Notes:
(1) The information as to shares beneficially owned or over which such person exercises control or direction has been furnished by the principal shareholder.
(2) On an issued and undiluted basis, not giving effect to the exercise of the Awards or Resulting Issuer Warrants held by such person, as applicable.
(3) Assumes redemption of all Acreage Holdings Units held by such principal holder following completion of the RTO.
(4) 16,250 of the Proportionate Voting Shares are registered in the name of Murphy Capital, LLC, an entity over which Mr. Murphy exercises direction or control, and 96,852 Proportionate Voting Shares are registered in the name of The Kevin Murphy 2018 Annuity Trust.

13. DIRECTORS AND OFFICERS

13.1 Directors and Executive Officers

The following table sets forth the names of all proposed directors and officers of the Resulting Issuer, their municipalities of residence, their proposed positions with the Resulting Issuer, their principal occupations during the past five years, the number and percentage of Resulting Issuer Shares expected to be beneficially owned, directly or indirectly, or over which control or direction will be exercised following completion of the RTO, and, if such person was an existing director or officer of Acreage Holdings prior to the RTO, the date on which such person became a director or officer, as applicable. The Resulting Issuer's proposed directors were elected as such at the Pubco Meeting or will be appointed by the Board following completion of the RTO and are expected to hold office until its next annual general meeting of shareholders unless they resign prior thereto or are removed by the shareholders of the Resulting Issuer. The Resulting Issuer's directors will be elected annually and, unless re-elected, will retire from office at the end of the next annual general meeting of shareholders.

Name, Municipality of Residence (1)	Proposed Position with the Resulting Issuer	Acreage Holdings Director or Officer Since	Principal Occupation for the Past Five Years	Number (2), Class and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled after the RTO (3)	Number (2) and Percentage of Subordinate Voting Shares Beneficially Owned or Controlled after the RTO on a Fully Diluted Basis (6)
John Boehner (5) *Marco Island, Florida*	Director	N/A	Former Speaker of the U.S. House of Representatives	-	625,000 (0.54%)
William F. Weld (5) *Canton, Massachusetts*	Director	N/A	Former Governor of Massachusetts	-	625,000 (0.54%)

Name, Municipality of Residence [1]	Proposed Position with the Resulting Issuer	Acreage Holdings Director or Officer Since	Principal Occupation for the Past Five Years	Number [2], Class and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled after the RTO [3]	Number [2] and Percentage of Subordinate Voting Shares Beneficially Owned or Controlled after the RTO on a Fully Diluted Basis [6]
Kevin P. Murphy [4][5][8] *New York, New York*	Director & Chief Executive Officer	April 2014	Chief Executive Officer, Acreage Holdings	168,000 Multiple Voting Shares (100.00%) 113,102 Proportionate Voting Shares (7.80%)	21,189,988 (18.44%)
Larissa L. Herda [5] *Castle Rock, Colorado*	Director	N/A	Consultant	-	160,000 (0.14%)
Douglas Maine [4] *Bedford Corners, New York*	Lead Independent Director	N/A	Director of Ablemarle Corporation	-	160,000 (0.14%)
Brian Mulroney[5] *Montreal, Quebec*	Director	N/A	Senior Partner and Consultant, Norton Rose Fulbright	-	280,000 (0.24%)
William C. Van Faasen[4] *Boston, Massachusetts*	Director	N/A	Chair Emeritus of Blue Cross Shield of Massachusetts; Chair of the Board of Directors of Blue Cross Shield of Massachusetts	-	160,000 (0.14%)
George Allen *Clinton Corners, New York*	President	September 2017	President, Acreage Holdings	-	2,300,000 (2.00%)
Glen Leibowitz *New York, New York*	Chief Financial Officer	March 2018	Chief Financial Officer, Acreage Holdings	-	615,000 (0.54%)
Robert Daino *Manlius, New York*	Chief Operating Officer	August 2018	Chief Operating Officer, Acreage Holdings	-	840,000 (0.73%)
James A. Doherty *Scranton, Pennsylvania*	General Counsel & Secretary	October 2017	General Counsel, Acreage Holdings	-	585,900 (0.51%)

Name, Municipality of Residence [1]	Proposed Position with the Resulting Issuer	Acreage Holdings Director or Officer Since	Principal Occupation for the Past Five Years	Number [2], Class and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled after the RTO [3]	Number [2] and Percentage of Subordinate Voting Shares Beneficially Owned or Controlled after the RTO on a Fully Diluted Basis [6]
Harris Damashek *Greenwich, Connecticut*	Chief Marketing Officer	November 2017	Chief Marketing Officer, Acreage Holdings	1,209 Proportionate Voting Shares (0.08%)	488,387 (0.43%)

Notes:
(1) The information as to municipality of residence and principal occupation has been furnished by the respective proposed directors and officers of the Resulting Issuer individually.
(2) The information as to shares beneficially owned or over which a proposed directors and officers of the Resulting Issuer exercises control or direction has been furnished by the respective directors and officers individually.
(3) On an issued and undiluted basis, not giving effect to the exercise of the Awards or Resulting Issuer Warrants held by such person, as applicable.
(4) Proposed member of the Audit Committee.
(5) Proposed member of the Compensation and Corporate Governance Committee.
(6) Assumes redemption of all Acreage Holdings Units held by the directors or officers, as applicable, from time to time following completion of the RTO and exercise of all outstanding options and other convertible securities of the Resulting Issuer.
(7) Reflects gross proceeds under the Finco SR Financing of $314,153,600 and a SR Offering Price of $25.00 per Finco Subscription Receipt.
(8) 16,250 of the Proportionate Voting Shares are registered in the name of Murphy Capital, LLC, an entity over which Mr. Murphy exercises direction or control, and 96,852 Proportionate Voting Shares are registered in the name of The Kevin Murphy 2018 Annuity Trust.

Upon completion of the RTO, it is anticipated that all directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, the following shares of the Resulting Issuer: (i) nil Subordinate Voting Shares on an undiluted basis; (ii) 114,311 Proportionate Voting Shares or approximately 7.91% on an undiluted basis; and (iii) 168,000 of the Multiple Voting Shares or approximately 100% on an undiluted basis.

Under NI 52-110, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Resulting Issuer Board, be reasonably expected to interfere with such director's exercise of independent judgment. All of the directors of the Resulting Issuer are considered independent other than Mr. Murphy, given that Mr. Murphy will be the Chief Executive of the Resulting Issuer and each of Mr. Boehner and Mr. Weld, given they have each received more than $75,000 in direct compensation from Acreage Holdings for advisory services and related matters.

The following are brief biographies of the Resulting Issuer's proposed executive officers and directors:

John A. Boehner, Proposed Director (age 68): John A. Boehner is a former Speaker of the U.S. House of Representatives. Mr. Boehner served in the U.S. House of Representatives from 1991 to October 2015 and served as Speaker of the U.S. House of Representatives from January 2011 to October 2015. Prior to entering public service, Speaker Boehner spent years running a small business representing manufacturers in the packaging and plastics industry. He championed a number of major reform projects as a Member of Congress. During his nearly five years as Speaker, Mr. Boehner developed a reputation for bringing Republicans and Democrats together in support of major policy initiatives.

William F. Weld, Proposed Director (age 73): William F. Weld served as Governor of Massachusetts from January 1991 to July 1997. Mr. Weld was the Vice Presidential nominee for the Libertarian Party during the 2016 U.S. Presidential campaign. Prior to serving as governor of Massachusetts, Mr. Weld served as the U.S. Attorney for Massachusetts from 1981 until 1986, when he was appointed by President Reagan to lead the Criminal Division of the Department of Justice in Washington, D.C., where he served until 1988. Prior to his service as a U.S. Attorney, Mr. Weld served as a staff member of the U.S. House of Representatives (during which time he participated in the Nixon impeachment proceedings) and the U.S. Senate. Governor Weld is a member of the Council on Foreign Relations in New York and served by appointment of the President on the U.S. Holocaust Memorial Council. He serves as an associate member of the InterAction Council, a working society of former heads of state from throughout the world, which reports on issues of global concern such as energy, food, water, nuclear proliferation, and religious sectarianism.

Kevin P. Murphy, Proposed Director and Chief Executive Officer (age 56): Kevin P. Murphy is currently a Managing Member of High Street Capital Partners Management, the Managing Member of Acreage Holdings, and Chief Executive Officer of Acreage Holdings. Prior to his role at Acreage Holdings, Mr. Murphy was most recently a Founding Member and Managing Partner of Tandem Global Partners, a boutique investment firm focused on the emerging markets. Previously Mr. Murphy was Managing Partner at Stanfield Capital Partners, where he served as a member of the Operating and Management team that oversaw all aspects of Stanfield's business, including risk management, sales and distribution, client services, legal, compliance and operations. Mr. Murphy also previously worked at Gleacher NatWest (Partner and Dir. of Marketing), Schroders (Sr. VP of Sales), Lazard Freres (VP) and Cantor Fitzgerald (VP). Mr. Murphy graduated with a B.A. from Holy Cross College.

Larissa L. Herda, Proposed Director (age 60): Larissa L. Herda served as the Chairman of TW Telecom Inc. (formerly, Time Warner Telecom Inc.) from June 2001 to November 2014 and as its Chief Executive Officer from June 1998 to November 2014. Prior to her appointment as Chief Executive Officer, Ms. Herda served as Senior Vice President of Sales and Marketing at TW Telecom Inc. from March 1997. Ms. Herda served as a member of the President's National Security Telecommunications Advisory Committee, and chair of the Federal Communications Commission's Communications, Security, Reliability and Interoperability Council. Ms. Herda was also Chairman of the Denver Branch of the Federal Reserve of Kansas City and served as a member of the Colorado Innovation Network advisory board, appointed by Colorado Gov. John Hickenlooper, and as a Member of the Advisory Board at University of Colorado Leeds School of Business. Ms. Herda is a graduate of the University of Colorado.

The Right Honorable Brian Mulroney, Proposed Director (age 79): Brian Mulroney is a senior partner and international business consultant for Norton Rose Fulbright. Prior to joining Norton Rose Fulbright, Mr. Mulroney was the eighteenth Prime Minister of Canada from 1984 to 1993 and leader of the Progressive Conservative Party of Canada from 1983 to 1993. He served as the Executive Vice President of the Iron Ore Company of Canada and President beginning in 1977. Prior to that, Mr. Mulroney served on the Cliché Commission of Inquiry in 1974. Mr. Mulroney is the Chairman of Quebecor Inc. and serves as a director of the Blackstone Group L.P. and Wyndham Worldwide Corporation. Mr. Mulroney also serves as chairman of the International Advisory Board of Barrick Gold Corporation and is a member of the advisory group of Lion Capital LLP.

Douglas L. Maine, Proposed Director (age 70). Douglas L. Maine joined International Business Machines Corporation ("**IBM**") in 1998 as Chief Financial Officer following a 20-year career with MCI (now part of Verizon) where he was Chief Financial Officer from 1992-1998. He was named General Manager of ibm.com in 2000 and General Manager, Consumer Products Industry in 2003 and retired from IBM in 2005. Mr. Maine currently serves as a director of Albemarle Corporation and previously served as a director of the following public companies: Orbital-ATK, Inc. from 2006-2017, BroadSoft, Inc. from 2006-2017 and Rockwood Holdings, Inc. from 2005-2015.

William C. Van Faasen, Proposed Director (age 70): William C. Van Faasen served as Chairman of Blue Cross Blue Shield of Massachusetts from 2002 to 2007, interim President and Chief Executive Officer from March 2010 to September 2010 and Chair of the Board of Directors from September 2010 to March 2014 when he was named, and currently serves as, Chair Emeritus. Mr. Van Faasen joined Blue Cross in 1990 as Executive Vice President and Chief Operating Officer and served as President from 1992 to 2004 and Chief Executive Officer from 1992 to 2005. Mr. Van Faasen has served in operational, marketing, and health care capacities for over 20 years and has been engaged in numerous civic and community activities, including Chair of the Initiative for a New Economy, Chair of Greater Boston Chamber of Commerce and Chair of United Way Massachusetts Bay. Mr. Van Faasen currently serves as a board member of Eversource Energy and the lead director of Liberty Mutual Group. Previously, Mr. Van Faasen served on the boards of Boston Private Industry Council, the Boston Minuteman Council, Boy Scouts of America, the BCBSMA Foundation, BankBoston, Citizens Bank of Massachusetts, IMS Health, PolyMedica Corporation and Tier Technologies.

George M. Allen, Proposed President (age 43): George Allen is currently the President of Acreage Holdings and previously served as Acreage Holdings' Chief Financial Officer. Mr. Allen was previously Chief Investment Officer of Cambridge Information Group ("**CIG**"), a large, multi-strategy, New York-based family office where he managed a portfolio of private and public direct investments as well as a collection of indirect investments. Prior to CIG, Mr. Allen spent nine years at Warburg Pincus where he managed investments in the communication, media and technology sectors. Before that, Mr. Allen was an associate at Goldman Sachs in New York and Hong Kong, where he invested capital in distressed securities. Mr. Allen has a B.S. in Mechanical Engineering from Yale University.

Glen S. Leibowitz, Proposed Chief Financial Officer (age 48): Glen Leibowitz joined Acreage Holdings in 2018 as its Chief Financial Officer. Prior to joining Acreage Holdings, Mr. Leibowitz spent nine years at Apollo Global Management, LLC, where he held various key roles within the finance organization, including the accounting lead in taking the organization public in 2011. Prior to Apollo, Mr. Leibowitz spent almost ten years at PricewaterhouseCoopers focused on multiple complex foreign registrant financial statements and client IPO documents across sectors including: alternative asset managers, Internet/software, telecommunications, pharmaceutical, and mining. Mr. Leibowitz serves on the board of directors and is the audit committee chair for PowerPlay NYC, a not-for-profit organization dedicated to inspiring and educating girls through one-of-a kind sports and academic enrichment programs. Mr. Leibowitz has a B.S. in Accounting from Queens College.

Robert J. Daino, Proposed Chief Operating Officer (age 54): Robert Daino is currently the Chief Operating Officer of Acreage Holdings. Prior to joining Acreage Holdings, Mr. Daino was President and Chief Executive Officer of WCNY Public Media, a New York area public media company with five broadcast television stations and three digital radio stations. Before that, Mr. Daino was President and Chief Executive Officer of Promergent, a management software and services provider to utilities and governmental entities. From 1982 to 1995, Mr. Daino served in various roles at General Electric, including software engineer, project manager and also in a management role.

James A. Doherty, Proposed General Counsel & Secretary (age 39): James A. Doherty, III is currently the General Counsel of Acreage Holdings. Prior to joining Acreage Holdings, Mr. Doherty was an attorney at Scanlon, Howley & Doherty, P.C. While at Scalon, Howley & Doherty, Mr. Doherty represented a variety of clients in the highly regulated gaming and casino industry before both courts of competent jurisdiction along with regulatory agencies. In addition, his practice also had an emphasis in professional liability cases, specifically corporate defense, medical malpractice, general liability, products liability, civil rights, and employment and labor disputes. Mr. Doherty also acted as special counsel to a number of public entities and municipal entities. Mr. Doherty maintained an active appellate practice having successfully argued cases before the Superior Court, Commonwealth Court and Supreme Court of Pennsylvania. Mr. Doherty served as a law clerk for the Honorable Thomas I. Vanaskie, United States Court of Appeals for the Third Circuit. Mr. Doherty also served as special counsel to the Executive Director of the Pennsylvania Gaming Control Board. Mr. Doherty graduated from the Holy Cross College with B.A. in History and received his J.D. from Georgetown University.

Harris Damashek, Proposed Chief Marketing Officer (age 43): Harris Damashek is currently the Chief Marketing Officer of Acreage Holdings with 20 years marketing experience. Mr. Damashek joined Acreage Holdings from Anheuser-Busch InBev's Disruptive Growth Group, where he launched several global e-commerce pilots and stewarded marketing and brand efforts for the team's 20+ global craft beer acquisitions. Previously, Mr. Damashek founded and managed his own design agency, Damashek Consulting, for almost 15 years, working with spirits, fashion, CPG, automotive, tech and luxury clients. He also founded Underground Eats - a ground-breaking experiential dining start-up working with some of the top culinary talents and brands in the country.

Each of Messrs. Daino, Allen, Leibowitz and Doherty have entered into non-disclosure agreements with Acreage Holdings and each of Messrs. Daino, Allen and Leibowitz have entered into non-competition agreements with Acreage Holdings. Other than as stated above, no proposed director or officer of the Resulting Issuer has entered into a non-competition or non-disclosure agreement with Acreage Holdings or the Resulting Issuer.

13.2 Board Committees

Pubco Board Committee

Pubco currently has an audit committee (the "**Pubco Audit Committee**"). The Pubco Audit Committee assists the Pubco Board in its oversight of: (i) the integrity of the financial reporting of Pubco; (ii) the independence and performance of Pubco's external auditors; and (iii) Pubco's compliance with legal and regulatory requirements.

Prior to completion of the Reorganization, the members of the Pubco Audit Committee were Messrs. Nachman (Chairman), Hariton and Polisuk. Messrs. Hariton and Polisuk being "independent" within the meaning of NI 51-102. Members of the Pubco Audit Committee did not receive compensation for sitting on the committee or attending meetings of the committee.

The audit committee reviews the financial reports and other financial information provided by Pubco to regulatory authorities and its shareholder and reviews Pubco's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

Resulting Issuer Board Committees

Upon closing of the RTO, the Resulting Issuer is expected to establish board committees, including an audit committee (the "**Audit Committee**"), a compensation and corporate governance committee (the "**Compensation and Corporate Governance Committee**") and such other committees as determined to be appropriate by the Resulting Issuer Board.

Audit Committee

The Audit Committee will be comprised of William Van Faasen (Chair), Douglas Maine and Kevin P. Murphy. Each of the proposed members of the Audit Committee, other than Mr. Murphy, meets the independence requirements pursuant to NI 52-110 and each is financially literate within the meaning of NI 52-110. For a description of the education and experience of each member of the Audit Committee, see "*Directors and Executive Officers*".

The Resulting Issuer Board will adopt a written charter setting forth the responsibilities, powers and operations of the Audit Committee consistent with NI 52-110. The principal duties and responsibilities of the Resulting Issuer's Audit Committee will be to assist the Resulting Issuer Board in discharging the oversight of:

- the integrity of the Resulting Issuer's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- the Resulting Issuer's compliance with legal and regulatory requirements;
- the Resulting Issuer's external auditors' qualifications and independence;
- the work and performance of the Resulting Issuer's financial management and its external auditors; and
- the Resulting Issuer's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Resulting Issuer Board.

It is anticipated that the Audit Committee will have access to all books, records, facilities and personnel and may request any information about the Resulting Issuer as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Resulting Issuer Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee will be comprised of Larissa L. Herda (Chair), John Boehner, Brian Mulroney, Kevin P. Murphy and Bill Weld. Larissa L. Herda and Brian Mulroney are independent for purposes of NI 58-101.

The Resulting Issuer Board will adopt a written charter setting forth the responsibilities, powers and operations of the Compensation and Corporate Governance Committee. The principal duties and responsibilities of the Compensation and Corporate Governance Committee will be to assist the Resulting Issuer Board in discharging its oversight of:

- executive compensation;
- management development and succession;
- director compensation;
- executive compensation disclosure.
- the Resulting Issuer's overall approach to corporate governance;
- the size, composition and structure of the Resulting Issuer Board and its committees;
- orientation and continuing education for directors;
- related party transactions and other matters involving conflicts of interest; and
- any additional matters delegated to the Compensation and Corporate Governance Committee by the Resulting Issuer Board.

13.3 Corporate Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Resulting Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Resulting Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

13.4 Penalties or Sanctions

Except as described below, to the knowledge of the Resulting Issuer, no proposed director, officer, or promoter of the Resulting Issuer or any shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely considered important to a reasonable investor in making an investment decision.

On January 11, 2016, Mr. Murphy entered into an agreement to settle a matter in connection with a routine FINRA examination of a broker-dealer firm formerly owned, in part, by Mr. Murphy. FINRA alleged that Mr. Murphy failed to inform the firm's compliance officer or receive pre-approval for the sale of his securities. Mr. Murphy agreed, without admitting or denying the findings and without adjudication of any issue of law or fact, to a 12 month suspension from acting as a broker and a contingent fine payable upon Mr. Murphy's re-registration, notwithstanding that Mr. Murphy resigned his position with the broker dealer in January 2014. Mr. Murphy does not intend to re-register as broker now or in the future.

13.5 Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to materially affect the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

13.6 Conflicts of Interest

To the best knowledge of Pubco and Acreage Holdings, and other than as disclosed herein, there are no known existing or potential material conflicts of interest between Pubco or Acreage Holdings, or a subsidiary of Pubco or Acreage Holdings and a director, officer or promoter of Pubco or Acreage Holdings or a proposed director, officer or promoter of the Resulting Issuer except that certain of the directors, officers and promoters of Pubco and Acreage Holdings and certain of the proposed directors, officers or promoters of the Resulting Issuer serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or promoter of any of Pubco, Acreage Holdings and/or the Resulting Issuer, as applicable, and their duties as a director, officer and promoter of such other companies. See "*Risk Factors*".

The directors, officers and promoters of Pubco and Acreage Holdings and the proposed directors, officers and promoters of the Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and each of Pubco, Acreage Holdings and the Resulting Issuer will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

14. CAPITALIZATION

Each of the tables in this Section 14 pertain to the Resulting Issuer Shares only.

As at the date of this Listing Statement, the Resulting Issuer has the following issued and outstanding securities according to the below table.

14.1 Issued Capital

The following table sets out the number of the Subordinate Voting Shares available in the Resulting Issuer's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis:

	Number of Subordinate Voting Shares (non-diluted)	Number of Subordinate Voting Shares (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully-diluted)
Public Float				
Total outstanding (A)	21,443,042	114,912,956	100%	100%
Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	4,316,935	4,316,935	20.1%	3.8%
Total Public Float (A-B)	17,126,107	110,596,021	79.9%	96.2%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	8,827,230	8,827,230	41.2%	7.7%
Total Tradeable Float (A-C)	12,615,812	106,085,726	58.8%	92.3%

Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	28	489
100 - 499 securities	12	4,277
500 - 999 securities	14	9,889
1,000 - 1,999 securities	32	37,243
2,000 - 2,999 securities	59	120,675
3,000 - 3,999 securities	9	28,740
4,000 - 4,999 securities	44	179,543
5,000 or more securities	233	16,745,251
	431	17,126,107

Public Securityholders (Beneficial)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	28	489
100 - 499 securities	17	5,877
500 - 999 securities	23	16,309
1,000 - 1,999 securities	294	319,063
2,000 - 2,999 securities	14	288,745
3,000 - 3,999 securities	46	142,463
4,000 - 4,999 securities	104	419,793
5,000 or more securities	413	15,933,368
Total	853	17,126,107

Non-Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	-	-
100 - 499 securities	-	-
500 - 999 securities	-	-
1,000 - 1,999 securities	-	-
2,000 - 2,999 securities	-	-
3,000 - 3,999 securities	-	-
4,000 - 4,999 securities	-	-
5,000 or more securities	3	4,316,935
Total	3	4,316,935

14.2 Convertible Securities

Following completion of the RTO, the Resulting Issuer will have the following convertible securities outstanding:

Description of Security	Number of convertible/exchangeable securities outstanding	Number of Subordinate Voting Shares issuable upon conversion or exercise
Resulting Issuer Warrants (Subordinate Voting Shares)	1,877,607	1,877,607
Resulting Issuer Warrants (Proportionate Voting Shares)	5,575	223,000
Compensation Options - Agents[(1)]	157,512	157,512
Options[(2)]	4,254,500	4,254,500
Multiple Voting Shares	168,000	168,000
Proportionate Voting Shares	1,445,879	57,835,480

(1) Reflects gross proceeds under the Finco SR Financing of $314,153,600 at a SR Offering Price of $25.00 per Finco Subscription Receipt. Pursuant to the Finco SR Financing, Finco issued the Agents an aggregate of 157,512 compensation options.
(2) Assumes issuance of 4,254,500 Options to certain officers, directors and employees immediately following completion of the RTO, which remains subject to confirmation of the Board and the Compensation and Corporate Governance Committee.

14.3 Other Securities Reserved for Issuance

The Resulting Issuer has the following Subordinate Voting Shares reserved for issuance upon the redemption or exchange, as applicable, of certain Acreage Holdings Units, profit interests and Class B Non-Voting Common Shares of USCo2 following completion of the RTO:

Description of Security	Number of convertible/exchangeable securities outstanding	Number of Subordinate Voting Shares issuable upon conversion or exercise
Class B Membership Units	15,957,908	15,957,908
Class C Membership Units	5,059,719	5,059,719
Profit interests	5,875,000	5,875,000
Class B Non-Voting Common Shares of USCo2	1,918,285	1,918,285

15. EXECUTIVE COMPENSATION

Named Executive Officers

For the purposes of this section, the "**Named Executive Officers**" or "**NEOs**" are the Chief Executive Officer and Chief Financial Officer of the Resulting Issuer and the anticipated three most highly compensated executive officers of the Resulting Issuer (other than the Chief Executive Officer and Chief Financial Officer), being George Allen (President), James Doherty (General Counsel & Secretary) and Robert Daino (Chief Operating Officer). The biographies of each Named Executive Officer are set out under Section 13 above.

Determination of Compensation

Following the completion of the RTO, it is anticipated that the Resulting Issuer Board will establish the Compensation and Corporate Governance Committee to assist the Resulting Issuer Board in fulfilling its governance and supervisory responsibilities. The Resulting Issuer Board is expected to adopt a written charter for the Compensation and Corporate Governance Committee that will establish, among other things, the Compensation and Corporate Governance Committee's purpose and its responsibilities with respect to executive compensation. The charter of the Compensation and Corporate Governance Committee will provide that, among other things, the Compensation and Corporate Governance Committee will be responsible for assisting the Resulting Issuer Board in its oversight of executive compensation, management development and succession, director compensation and executive compensation disclosure.

It is anticipated that the independent directors of the Resulting Issuer will review and make recommendations to the Compensation and Corporate Governance Committee each year with respect to the executive compensation arrangements and employment agreements for the Named Executive Officers. For other non-executive employees, the decisions regarding compensation arrangements and employment agreements will be made by the Resulting Issuer Board. Furthermore, the New Omnibus Equity Incentive Plan will be administered by, and the award of any share-based compensation awards will be recommended by the Compensation and Corporate Governance Committee and be approved by the Resulting Issuer Board.

The Resulting Issuer Board will consider industry standards and the financial situation of the Resulting Issuer when determining executive compensation. The Resulting Issuer Board will set the compensation level of the Named Executive Officers in order to retain individuals of a high caliber and motivate their performance to achieve the Resulting Issuer's strategic objectives. The compensation package of the Named Executive Officers will consist of short and long-term cash and equity incentives based on the achievement of the Resulting Issuer's goals.

Benchmarking

The executive team retained Exude, Inc. to conduct a benchmarking analysis pursuant to which they defined, valued and analyzed market data to establish a benchmark for the purposes of setting the future compensation of the Named Executive Officers.

Compensation of Executives

The compensation of the Named Executive Officers will include three major elements: (a) base salaries; (b) equity-based compensation; and (c) cash bonuses.

Base Salaries

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to the Resulting Issuer's success, the position and responsibilities of the NEOs and competitive industry pay practices for other high growth, premium brand companies of similar size and revenue growth potential.

Equity-Based Compensation

In connection with the RTO, Pubco Shareholders approved the New Omnibus Equity Plan at the Pubco Meeting. For further details in respect of the New Omnibus Equity Plan, please see "*Options to Purchase Securities*".

In connection with the completion of the RTO, Mr. Doherty will receive 15,900 Stock Awards in compensation for past services.

Cash Bonuses

Annual bonuses will be awarded based on qualitative and quantitative performance standards and will reward performance of each NEO individually. The determination of an NEO's performance may vary from year to year depending on economic conditions and conditions in the cannabis industry and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

Pension and Other Benefit Plans

The Resulting Issuer does not intend to implement a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to Named Executive Officers at, following, or in connection with retirement.

Summary of Executive Compensation

The following table sets forth the anticipated compensation to be paid or awarded to the Named Executive Officers of the Resulting Issuer:

Table of Compensation							
Name & position	**Year**	**Salary ($)**	**Bonus ($)[1]**	**Equity-based compensation**	**Committee or meeting fees ($)**	**All other compensation ($)**	**Total compensation ($)**
Kevin Murphy *CEO and Director*	2018	375,000	Nil	Nil	N/A	Nil	375,000
Glen Leibowitz *CFO and Director*	2018	300,000	Nil	Nil	N/A	Nil	300,000
George Allen *President*	2018	350,000	Nil	Nil	N/A	Nil	350,000
James Doherty *General Counsel & Secretary*	2018	300,000	Nil	Nil	N/A	Nil	300,000
Robert Daino *Chief Operations Officer*	2018	350,000	Nil	Nil	N/A	Nil	350,000

Notes:
(1) The total amount of all bonuses to be paid or payable in or with respect to fiscal 2018 has yet to be determined.
(2) In connection with the RTO, the Board will grant 540,000 RSUs to Mr. Murphy, 240,000 Options to Mr. Leibowitz, 300,000 Options to Mr. Allen, 80,000 RSUs, 240,000 Options and 15,900 Stock Awards to Mr. Doherty and 600,000 RSUs and 240,000 Options to Mr. Daino. Any additional Options, RSUs, Stock Awards or share-based compensation to be granted to the NEOs in respect of fiscal 2018 has yet to be determined by the Compensation and Corporate Governance Committee and the Board.

Employment, Termination and Change of Control Benefit

As at the date hereof, neither Acreage Holdings nor the Resulting Issuer is party to any employment agreement with a NEO pursuant to which such NEO would be entitled to a termination or change of control benefit.

Employee Bonuses

Certain employees of Acreage Holdings are entitled to payments of $409,600 in the aggregate upon the closing of the RTO.

Summary Compensation for Directors

It is anticipated that the Resulting Issuer will pay compensation to its directors in the form of annual fees for attending meetings of the Resulting Issuer Board. Directors may receive additional compensation for acting as chairs of committees of the Resulting Issuer Board. Directors will also be entitled to receive stock options and other applicable awards and will be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Resulting Issuer Board, committees of the Resulting Issuer Board or meetings of the shareholders of the Resulting Issuer. It is also anticipated that the Resulting Issuer will obtain customary insurance for the benefit of its directors and enter into indemnification agreements with its directors pursuant to which the Resulting Issuer will agree to indemnify its directors to the extent permitted by applicable law.

Equity Compensation

On February 22, 2018, Acreage Holdings granted 625,000 Class C-1 Membership Units to each of Mr. Boehner and Mr. Weld, vesting 50% each year. Acreage Holdings may, in its sole discretion, accelerate the vesting of such Class C-1 Membership Units. In connection with the closing of the RTO, the Board intends to grant 160,000 Options and 40,000 RSUs to Mr. Maine, 280,000 Options and 210,000 RSUs to Mr. Mulroney, 160,000 Options and 40,000 RSUs to Mr. Van Faasen and 160,000 Options and 40,000 RSUs to Ms. Herda, on the terms set out in the New Omnibus Equity Plan, with one-third of these RSUs and Options vesting on the date that is one year following the closing date of the RTO and one third of the remaining RSUs and Options, as applicable, vesting on each of the annual anniversary dates following the closing date of the RTO.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Upon completion of the RTO, no proposed director, executive officer or senior officer of the Resulting Issuer, or any associates of such persons, will be indebted to the Resulting Issuer and neither will any indebtedness of such persons to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Resulting Issuer.

17. RISK FACTORS

An investment in the Resulting Issuer Shares involves risks, certain of which are described in the risk factors set forth below. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment of the Resulting Issuer and the financial condition or operating results of the Resulting Issuer. Additional risks and uncertainties not presently known to the Resulting Issuer or that the Resulting Issuer currently deems immaterial may also impair the Resulting Issuer's business operations. The Resulting Issuer will face numerous challenges in the development of its business. Due to the nature of the Resulting Issuer and its business and present stage of the business, readers should carefully consider all such risks, including those set out in the discussion below.

Risks Specifically Related to the United States Regulatory System

The Resulting Issuer's business activities, while believed to be compliant with applicable state and local U.S. law, are illegal under U.S. federal law

Cannabis is illegal under U.S. federal law. In those states in which the use of cannabis has been legalized, its use remains a violation of federal law pursuant to the CSA. The CSA classifies cannabis as a Schedule I controlled substance, and as such, legal medical and recreational cannabis use is not permitted under U.S. federal law. Unless and until Congress amends the CSA with respect to cannabis (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law, and the Subsidiaries or other entities in which Acreage Holdings may have an interest from time to time may be deemed to be producing, cultivating or dispensing cannabis and drug paraphernalia in violation of federal law or Acreage Holdings and/or the Resulting Issuer may be deemed to be facilitating the selling or distribution of cannabis and drug paraphernalia in violation of federal law with respect to Acreage Holding's and/or the Resulting Issuer's investment in the Subsidiaries. Since federal law criminalizing the use of cannabis pre-empts state laws that legalize its use, strict enforcement of federal law regarding cannabis would harm the Resulting Issuer's business, prospects, results of operation, and financial condition.

The activities of the Subsidiaries are, and will continue to be, subject to evolving regulation by governmental authorities. The Subsidiaries are directly or indirectly engaged in the medical and recreational cannabis industry in the U.S. where local state law permits such activities. The legality of the production, cultivation, extraction, distribution, retail sales, transportation and use of cannabis differs among North American jurisdictions, as well as between states in the U.S. Due to the current regulatory environment in the U.S., new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

There are 30 states of the U.S., in addition to Washington D.C., Puerto Rico, the U.S. Virgin Islands and Guam, that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. In addition, as of the date of this Listing Statement, Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont, Washington and Washington D.C. have legalized cannabis for recreational use.

The funding by Acreage Holdings and the Resulting Issuer of the activities of the Subsidiaries involved in the medical and recreational cannabis industry through equity investments, loans or other forms of investment, may be illegal under the applicable federal laws of the U.S. and other applicable laws. There can be no assurances that the federal government of the U.S. or other jurisdictions will not seek to enforce the applicable laws against the Resulting Issuer or Acreage Holdings. The consequences of such enforcement would be materially adverse to the Resulting Issuer and the Resulting Issuer's business, including its reputation, profitability, the listing on the CSE and market price of its publicly traded shares, and could result in the forfeiture or seizure of all or substantially all of the Resulting Issuer's assets.

The prior U.S. administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum which Deputy Attorney General James Cole sent to all U.S. Attorneys in August 2013 that outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum held that enforcing federal cannabis laws and regulations in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations was not a priority for the DOJ. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, U.S. Attorney General Jeff Sessions formally issued the Sessions Memorandum, which rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future. Jeff Sessions resigned as U.S. Attorney General on November 7, 2018. As of his resignation, Matthew Whitaker is the acting U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

The uncertainty of U.S. federal enforcement practices going forward and the inconsistency between U.S. federal and state laws and regulations presents major risks for the business and operations of the Resulting Issuer, Acreage Holdings and the Subsidiaries.

Nature of the Business Model

Since the cultivation, processing, production, distribution, and sale of cannabis for any purpose, medical, adult use (i.e., recreational), or otherwise, remain illegal under federal law, it is possible that any of the Resulting Issuer, Acreage Holdings or the Subsidiaries may be forced to cease activities. The United States federal government, though, among others, the DOJ, its sub agency the Drug Enforcement Agency ("**DEA**"), and the IRS, have the right to actively investigate, audit and shut-down cannabis growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the property of the Resulting Issuer, Acreage Holdings or any Subsidiary. Any action taken by the DOJ, the DEA and/or the IRS to interfere with, seize, or shut down the operations of the Resulting Issuer, Acreage Holdings or any Subsidiary will have an adverse effect on their businesses, operating results and financial condition.

U.S. State Regulatory Uncertainty

There is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Resulting Issuer's business or operations in those states or under those laws would be materially and adversely affected. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect the Resulting Issuer and Acreage Holdings, their business and their assets or investments.

U.S. states where medical and/or recreational cannabis is legal have or are considering special taxes or fees in the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon the businesses, results of operations and financial condition of the Resulting Issuer, Acreage Holdings and the Subsidiaries.

The Resulting Issuer, Acreage Holdings and the Subsidiaries are Subject to Applicable Anti-Money Laundering Laws and Regulations

The Resulting Issuer, Acreage Holdings and the Subsidiaries are subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the *U.S. Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the "**Bank Secrecy Act**"), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (the "**USA Patriot Act**"), the *Proceeds of Crime (Money Laundering) and Terrorist Financing A*ct (Canada), as amended, and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The Financial Crimes Enforcement Network ("**FinCEN**") of the U.S. Department of the Treasury issued a memorandum on February 14, 2014 outlining the pathways for financial institutions to bank cannabis businesses in compliance with federal enforcement priorities (the "**FinCEN Memorandum**"). The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance included in the Cole Memorandum.

The revocation of the Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself.

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

If any of the operations of Acreage Holdings or any of the Subsidiaries, or any proceeds thereof, any dividend distributions or any profits or revenues derived from these operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime under one or more of the statutes noted above. This may restrict the ability of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Lack of Access to U.S. Bankruptcy Protections; Other Bankruptcy Risks

Because the use of cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Resulting Issuer, Acreage Holdings or any of the Subsidiaries were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available, which would have a material adverse effect.

Additionally, there is no guarantee that the Resulting Issuer will be able to effectively enforce any interests it may have in Acreage Holdings or its underlying Subsidiaries. A bankruptcy or other similar event related to an investment of the Resulting Issuer that precludes a party from performing its obligations under an agreement may have a material adverse effect on the Resulting Issuer. Further, as an equity investor, should an investment have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities or equity owed to Acreage Holdings. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Resulting Issuer.

Heightened Scrutiny by Canadian Authorities

For the reasons set forth above, the business, operations and investments of the Resulting Issuer, Acreage Holdings and the Subsidiaries in the U.S., and any future businesses, operations and investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction, in addition to those described herein.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. On February 8, 2018, following discussions with the Canadian Security Administrators and recognized Canadian securities exchanges, the TMX Group, who is the owner and operator of CDS, announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE and the Toronto Stock Exchange confirming that it relies on such exchanges to review the conduct of listed issuers. The MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the U.S.

Even though the MOU indicated that there are no plans of banning the settlement of securities through CDS, there can be no guarantee that the settlement of securities will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Subordinate Voting Shares to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid as until an alternative was implemented, and investors would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

Constraints on Marketing Products

The development of the Resulting Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States limits the Resulting Issuer's ability to compete for market share in a manner similar to other industries. If the Resulting Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Resulting Issuer's sales and operating results could be adversely affected.

European Anti-Money Laundering Laws and Regulation

European laws, regulations and their enforcement, particularly those pertaining to anti-money laundering, relating to making and/or holding investments in cannabis-related practices or activities are in flux and vary dramatically from jurisdiction to jurisdiction across Europe (including without limitation, the United Kingdom). The enforcement of these laws and regulations and their effect on shareholders are uncertain and involve considerable risk. In the event that any of the Resulting Issuer's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations are found to be in violation of such laws or regulation, such transactions (including holding of shares in the Resulting Issuer) could expose any shareholder(s) in that jurisdiction to potential prosecution and/or criminal and civil sanction.

Tax Risks Related to Controlled Substances

Section 280E of the Code ("**Section 280E**") prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. For more detailed information, please see "*Other Material Facts - Certain United States Federal Income Tax Considerations*".

Foreign Private Issuer Status

The RTO was structured so that the Resulting Issuer would be a Foreign Private Issuer as defined in Rule 405 under the Securities Act and Rule 3b-4 under the Exchange Act, following the closing of the RTO. The term ''Foreign Private Issuer'' is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

(a) more than 50 percent of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and

(b) any one of the following:

i. the majority of the executive officers or directors are United States citizens or residents, or

ii. more than 50 percent of the assets of the issuer are located in the United States, or

iii. the business of the issuer is administered principally in the United States.

A ''holder of record'' is defined by Rule 12g5-1 under the Exchange Act. Generally speaking, the holder identifies on the record of security holders is considered as the record holder.

In December 2016, the U.S. Securities and Exchange Commission (the "**SEC**") issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either (i) the combined voting power of its share classes, or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding Proportionate Voting Share and each issued and outstanding Multiple Voting Share is counted as one voting security and each issued and outstanding Subordinate Voting Shares is counted as one voting security for the purposes of determining the 50 percent U.S. resident threshold and the Resulting Issuer is expected to be a ''Foreign Private Issuer'' upon completion of the RTO Transactions.

Should the SEC's guidance and interpretation change, it is likely the Resulting Issuer will lose its Foreign Private Issuer status.

Loss of Foreign Private Issuer Status

The Resulting Issuer is expected to be a Foreign Private Issuer. If, as of the last business day of the Resulting Issuer's second fiscal quarter for any year, more than 50% of the Resulting Issuer's outstanding voting securities (as determined under Rule 405 of the Securities Act) are directly or indirectly held of record by residents of the United States, the Resulting Issuer will no longer meet the definition of a Foreign Private Issuer, which may have adverse consequences on the Resulting Issuer's ability to raise capital in private placements or Canadian prospectus offerings. In addition the loss of the Resulting Issuer's Foreign Private Issuer status may likely result in increased reporting requirements and increased audit, legal and administration costs. These increased costs may significantly affect the Resulting Issuer's business, financial condition and results of operations.

Limited Trademark Protection

The Subsidiaries will not be able to register any U.S. federal trademarks for their cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Subsidiaries likely will be unable to protect their cannabis product trademarks beyond the geographic areas in which they conduct business. The use of its trademarks outside the states in which they operate by one or more other persons could have a material adverse effect on the value of such trademarks.

Civil Asset Forfeiture

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture.

FDA Regulation

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would regulate it under the *Food, Drug and Cosmetics Act of 1938*. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Subsidiaries are unable to comply with the regulations or registration as prescribed by the FDA, it may have an adverse effect on the business, operating results and financial condition of the Resulting Issuer and/or Acreage Holdings.

Risks Generally Related to the Resulting Issuer

Laws and Regulations Affecting the Industry in which the Resulting Issuer Operates are Constantly Changing

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the Resulting Issuer. The current and proposed operations of the Subsidiaries are subject to a variety of local, state and federal medical cannabis laws and regulations relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require the Resulting Issuer, Acreage Holdings or the Subsidiaries to incur substantial costs associated with compliance or alter certain aspects of their business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the business plans of the Resulting Issuer, Acreage Holdings or the Subsidiaries and result in a material adverse effect on certain aspects of their planned operations.

In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Subsidiaries' medical cannabis businesses. The Resulting Issuer will not be able to predict the nature of any future laws, regulations, interpretations or applications, nor will it be able to determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have a material adverse effect on the business of the Resulting Issuer, Acreage Holdings or the Subsidiaries. In addition, the Resulting Issuer will not be able to predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to its business. For example, see the "*Risk Factors - Heightened Scrutiny by Canadian Authorities"* related to CDS above.

Unfavorable Publicity or Consumer Perception

The legal cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and is expected to continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Subsidiaries and accordingly Acreage Holdings and the Resulting Issuer. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect.

Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and recreational cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general).

The ability to gain and increase market acceptance of the Subsidiaries' products may require the Resulting Issuer, Acreage Holdings and/or the Subsidiaries to establish and maintain its brand name and reputation. In order to do so, substantial expenditures on product development, strategic relationships and marketing initiatives may be required. There can be no assurance that these initiatives will be successful and their failure may have an adverse effect on the Resulting Issuer, Acreage Holdings and/or the Subsidiaries.

Further, a shift in public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the U.S. or elsewhere. A negative shift in the perception of the public with respect to medical cannabis in the U.S. or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Resulting Issuer could expand. Any inability to fully implement the Resulting Issuer's expansion strategy may have a material adverse effect on its business, financial condition and results of operations.

Limited Operating History

The Resulting Issuer, Acreage Holdings and the Subsidiaries have varying and limited operating histories, which can make it difficult for investors to evaluate the Resulting Issuer's operations and prospects and may increase the risks associated with investment into the Resulting Issuer. The Resulting Issuer's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development.

Although the Resulting Issuer had generated revenues through certain Subsidiaries during the six months ended June 30, 2018, many of the Subsidiaries will start generating revenues in future periods and accordingly, the Resulting Issuer is therefore expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There can be no assurance that the Resulting Issuer's Subsidiaries will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Resulting Issuer's business, prospects, financial condition and results of operations.

Competition with the Resulting Issuer

There is potential that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. To become and remain competitive, the Resulting Issuer will require research and development, marketing, sales and support. Pressure from the Resulting Issuer's competitors may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Competition with the Subsidiaries

There is potential that the Subsidiaries will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than Acreage Holdings and the Subsidiaries. Currently, the cannabis industry is generally comprised of individuals and small to medium-sized entities; however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger dispensaries, processing plants and cultivation facilities. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. Competition between companies in the cannabis industry also relies heavily on the ability to attract community support.

Because of the early stage of the industry in which the Subsidiaries operate, the Resulting Issuer expects the Subsidiaries to face additional competition from new entrants. To become and remain competitive, the Subsidiaries will require research and development, marketing, sales and support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Subsidiaries and, in turn, the Resulting Issuer.

In addition, medicinal cannabis products compete against other healthcare drugs and a high volume of cannabis continues to be sold illegally on the black-market.

Dependence on Performance of Subsidiaries

The Resulting Issuer and Acreage Holdings will be dependent on the operations, assets and financial health of the Subsidiaries. Accordingly, if the financial performance of any Subsidiary declines this will adversely affect the Resulting Issuer's investment in such Subsidiary, the ability to realize a return on such investment and the financial results of the Resulting Issuer. The Resulting Issuer and/or Acreage Holdings will conduct due diligence on each new entity prior to making any investment. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the due diligence or ongoing monitoring that may have an adverse effect on the business, and this could have a material adverse impact on the business, financial condition, results of operations or prospects of the Resulting Issuer or Acreage Holdings.

Competition from Synthetic Production and Technological Advances

The pharmaceutical industry may attempt to dominate the cannabis industry, and in particularly, legal cannabis, through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could materially adversely affect the ability of the Resulting Issuer to secure long-term profitability and success through the sustainable and profitable operation of its business. There may be unknown additional regulatory fees and taxes that may be assessed in the future.

Ability to Identify Investments

A key element of the Resulting Issuer's growth strategy will in part involve identifying and making acquisitions of interest. or the business of. entities involved in the legal cannabis industry. The Resulting Issuer's ability to identify such potential acquisition opportunities and make debt and/or equity investments is not guaranteed. Achieving the benefits of future acquisitions will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues.

Risks Associated with Failure to Manage Growth Effectively

The growth of Acreage Holdings and anticipated growth of the Resulting Issuer has placed and may continue to place significant demands on management and their operational and financial infrastructures. As the operations of the Resulting Issuer, Acreage Holdings and its Subsidiaries grow in size, scope and complexity and as new opportunities are identified and pursued, the Resulting Issuer and Acreage Holdings may need to increase in scale its infrastructure (financial, management, informational, personnel and otherwise). In addition, the Resulting Issuer will need to effectively execute on business opportunities and continue to build on and deploy its corporate development and marketing assets as well as access sufficient new capital, as may be required. The ability of the Resulting Issuer and Acreage Holdings to successfully complete the proposed acquisitions and to capitalize on other growth opportunities may redirect the limited resources of the Resulting Issuer and/or Acreage Holdings and require expansion of its infrastructure. This will require the commitment of financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. There can be no assurance that the Resulting Issuer or Acreage Holdings will be able to respond adequately or quickly enough to the changing demands that its proposed acquisition plans will impose on management, team members and existing infrastructure, and changes to the operating structure of the Resulting Issuer and Acreage Holdings may result in increased costs or inefficiencies that cannot be anticipated. Changes as the Resulting Issuer and Acreage Holdings grow may have a negative impact on their operations, and cost increases resulting from the inability to effectively manage its growth could adversely impact its profitability. In addition, continued growth could also strain the ability to maintain reliable service levels for its clients, develop and approve its operational, financial and management controls, enhance its reporting systems and procedures and recruit, train and retain highly-skilled personnel. Failure to effectively manage growth could result in difficulty or delays in servicing clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new products or applications or other operational difficulties, and any of these difficulties could adversely impact the business performance and results of operations of the Resulting Issuer and Acreage Holdings.

Future Material Acquisitions or Dispositions of Strategic Transactions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Resulting Issuer's ongoing business, (ii) distraction of management, (iii) the Resulting Issuer may become more financially leveraged, (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected, (v) increasing the scope and complexity of the Resulting Issuer's operations, and (vi) loss or reduction of control over certain of the Resulting Issuer's assets. Additionally, the Resulting Issuer may issue additional equity interests in connection with such transactions, which would dilute a shareholder's holdings in the Resulting Issuer.

Risks Associated with Acquisitions

As part of the Resulting Issuer's overall business strategy, the Resulting Issuer intends to pursue select strategic acquisitions after the completion of the listing of the Subordinate Voting Shares on the CSE, which would provide additional product offerings, vertical integrations, additional industry expertise and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose the Resulting Issuer to potential risks, including risks associated with: (i) the integration of new operations, services and personnel, (ii) unforeseen or hidden liabilities; (iii) the diversion of resources from the Resulting Issuer's existing interests and business, (iv) potential inability to generate sufficient revenue to offset new costs, (v) the expenses of acquisitions, or (vi) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Ability to Manage Future Growth

The ability to achieve desired growth will depend on the Resulting Issuer's ability to identify, evaluate and successfully negotiate investment opportunities with target companies. Achieving this objective in a cost-effective manner will be a product of the Resulting Issuer's sourcing capabilities, the management of the investment process, the ability to provide capital on terms that are attractive to target companies and the Resulting Issuer's access to financing on acceptable terms. Failure to effectively manage any future growth and successfully negotiate suitable investments could have a material adverse effect on the Resulting Issuer's business, financial condition, and results of operations.

The size of the Resulting Issuer's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for investors to review in deciding about whether to invest in the Resulting Issuer and, few, if any, established companies whose business model the Resulting Issuer can follow or upon whose success the Resulting Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Resulting Issuer. There can be no assurance that the Resulting Issuer's estimates will be accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. Acreage Holdings regularly purchases and follows market research.

Proposed Acquisitions and Dispositions

The proposed acquisitions and dispositions are subject to certain conditions, many of which are outside of the control of the Resulting Issuer and Acreage Holdings, and there can be no assurance that they will be completed, on a timely basis or at all. As a consequence, there is a risk that one or more of the proposed acquisitions or dispositions will not close in a timely fashion or at all. If one or more of the proposed acquisitions or dispositions is not completed for any reason, the ongoing business of the Resulting Issuer or Acreage Holdings may be adversely affected and, without realizing any of the benefits of having completed such transactions, the Resulting Issuer and Acreage Holdings will be subject to a number of risks, including, without limitation, the Resulting Issuer may experience negative reactions from the financial markets, including negative impacts on the Resulting Issuer's stock price, in the case of a proposed acquisition, the Resulting Issuer and Acreage Holdings will need to find an alternative use of any proceeds earmarked for such proposed acquisitions, in the case of a proposed disposition, the Resulting Issuer and/or Acreage Holdings will not receive the anticipated proceeds of such disposition and accordingly may not be able to execute on other business opportunities for which such proceeds have been earmarked, and matters relating to the proposed acquisitions and dispositions will require substantial commitments of time and resources by management of the Resulting Issuer and Acreage Holdings, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to the Resulting Issuer and Acreage Holdings.

If one or more of the proposed acquisitions or dispositions are not completed, the risks described above may materialize and they may adversely affect the business, results of operations, financial condition and prospects and stock price of the Resulting Issuer and Acreage Holdings.

Additional Financing

The Resulting Issuer may require equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other business combination transactions. If the Resulting Issuer is required to access capital markets to carry out its development objectives, the state of domestic and international capital markets and other financial systems could affect the Resulting Issuer's access to, and cost of, capital. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms that are commercially viable. The Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Currency Fluctuations

The Resulting Issuer's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. The Canadian dollar relative to the U.S. dollar or other foreign currencies is subject to fluctuations. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Resulting Issuer's business, financial condition and operating results. The Resulting Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Resulting Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks. Failure to adequately manage foreign exchange risk could therefore adversely affect the Resulting Issuer's business, financial condition and results of operations.

Investments May be Pre-Revenue

The Resulting Issuer may make investments in companies with no significant sources of operating cash flow and no revenue from operations. The Resulting Issuer's investment in such companies are subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Resulting Issuer's investment in these pre-revenue companies will not be able to meet anticipated revenue targets or generate no revenue at all. The risk is that underperforming pre-revenue companies may lead to these businesses failing which could have a materially adverse impact on the business, financial condition and operating results of the Resulting Issuer.

Enforceability of Judgments Against Foreign Subsidiaries

Acreage Holdings and the Subsidiaries are organized under the laws of various U.S. states. All of the assets of these entities are located outside of Canada and certain of the experts retained by the Resulting Issuer or its affiliates are residents of countries other than Canada. As a result, it may be difficult or impossible for shareholders of the Resulting Issuer to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws or otherwise. There is some doubt as to the enforceability in the U.S. by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the U.S. may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the U.S. agrees to hear a claim, it may determine that the local law in the U.S., and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

Research and Market Development

Although the Resulting Issuer, itself and through Acreage Holdings and the Subsidiaries, will be committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products by the Subsidiaries is inherently subject to significant unreliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Acreage Holdings and the Subsidiaries, and consequently, the Resulting Issuer.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Resulting Issuer believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Future research studies and clinical trials may draw opposing conclusions to those stated in this Listing Statement or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Resulting Issuer's products with the potential to lead to a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Environmental Risk and Regulation

The operations of the Resulting Issuer, Acreage Holdings and the Subsidiaries are subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Resulting Issuer, Acreage Holdings or the Subsidiaries.

Government approvals and permits are currently, and may in the future be, required in connection with the operations of the Resulting Issuer, Acreage Holdings or the Subsidiaries. To the extent such approvals are required and not obtained, the Resulting Issuer, Acreage Holdings or any of the Subsidiaries may be curtailed or prohibited from their proposed production of medical cannabis or from proceeding with the development of their operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Subsidiaries may be required to compensate those suffering loss or damage by reason of their operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer, Acreage Holdings or any of the Subsidiaries and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Enforceability of Contracts

Since cannabis is illegal at a federal level, judges in multiple U.S. states have on several occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. Therefore, there is uncertainty that the Resulting Issuer, Acreage Holdings or any of the Subsidiaries will be able to legally enforce its material agreements.

Service Providers

As a result of any adverse change to the approach in enforcement of the U.S. cannabis laws, adverse regulatory or political changes, additional scrutiny by regulatory authorities, adverse changes in the public perception in respect to the consumption of cannabis or otherwise, third-party service providers to the Resulting Issuer, Acreage Holdings or any of the Subsidiaries could suspend or withdraw their services, which may have a material adverse effect on the business, revenues, operating results, financial condition or prospects of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries.

Operation Permits and Authorizations

The Subsidiaries may not be able to obtain or maintain the necessary licenses, permits, certificates, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Subsidiaries may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, certificates, authorizations or accreditations could result in restrictions on a Subsidiary's ability to operate in the cannabis industry, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer, Acreage Holdings and/or the Subsidiaries.

Liability, Enforcement Complaints, etc.

The participation of the Resulting Issuer, Acreage Holdings or the Subsidiaries in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against the Resulting Issuer, Acreage Holdings or any of the Subsidiaries. Litigation, complaints, and enforcement actions could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the future cash flows, earnings, results of operations and financial condition of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries.

Product Liability

Certain of the Subsidiaries manufacture, process and/or distribute products designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Resulting Issuer, Acreage Holdings and/or the Subsidiaries may be subject to various product liability claims, including, among others, that the products produced by them caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action could result in increased costs, could adversely affect the reputation of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries, and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries. There can be no assurances that product liability insurance will be obtained or maintained on acceptable terms or with adequate coverage against potential liabilities.

Product Recalls

Cultivators, manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Subsidiaries are recalled due to an alleged product defect or for any other reason, the Subsidiaries could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall and may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. Additionally, if one of the products produced by a Subsidiary were subject to recall, the image of that product and the Subsidiary and potentially the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Subsidiaries and could have a material adverse effect on its results of operations and financial condition as well as that of the Resulting Issuer and Acreage Holdings.

Risks Inherent in an Agricultural Business

Medical and adult-use cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases and similar agricultural risks. Although the products are usually grown indoors or green houses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on the production of the Subsidiaries' products and, consequentially, on the business, financial condition and operating results of the Resulting Issuer and Acreage Holdings.

Reliance on Key Inputs

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Subsidiaries, and consequently, the Resulting Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the relevant Subsidiary might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of a Subsidiary, and consequently, the Resulting Issuer and Acreage Holdings.

In addition, medical cannabis growing operations consume considerable energy, making the Subsidiaries vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Subsidiaries and their ability to operate profitably which may, in turn, adversely impact the Resulting Issuer.

Key Personnel

The success of the Resulting Issuer will depend on the abilities, experience, efforts and industry knowledge of senior management and other key employees of the Resulting Issuer and Acreage Holdings. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. If one or more of its executive officers or key personnel of the Resulting Issuer, Acreage Holdings or the Subsidiaries were unable or unwilling to continue in their present positions, the Resulting Issuer, Acreage Holdings or the relevant Subsidiary, as applicable, might not be able to replace them easily or at all. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on business, financial condition, results of operations or prospects. In addition, if any of the executive officers or key employees of the Resulting Issuer, Acreage Holdings or the Subsidiaries joins a competitor or forms a competing company, the Resulting Issuer, Acreage Holdings or the relevant Subsidiary may lose know-how, key professionals and staff members.

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States-Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time. Employees, directors and officers of the Resulting Issuer, Acreage Holdings and the Subsidiaries traveling from Canada to the United States for the benefit of the Resulting Issuer, Acreage Holdings or the Subsidiaries may encounter enhanced scrutiny by United States immigration authorities that may result in the employee not being permitted to enter the United States for a specified period of time. If this happens, then this may reduce the ability of the Resulting Issuer or Acreage Holdings to manage effectively its business in the United States.

Talent Pool

As the Resulting Issuer, Acreage Holdings and the Subsidiaries grow, they will need to hire additional human resources to continue to develop their businesses. However, experienced talent in the areas of medical cannabis research and development, growing cannabis and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable. Without adequate personnel and expertise, the growth of the business of the Resulting Issuer, Acreage Holdings or the Subsidiaries may suffer. There can be no assurance that any of the Resulting Issuer, Acreage Holdings or the Subsidiaries will be able to effectively manage growth, and any failure to do so could have a material adverse effect on the business, financial condition, results of operations or prospects of the Resulting Issuer, Acreage Holdings or the Subsidiaries.

Management of Growth

As the Resulting Issuer grows, the Resulting Issuer will also be required to hire, train, supervise and manage new employees. The Resulting Issuer may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Resulting Issuer's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations. Failure to effectively manage any future growth could have a material adverse effect on the Resulting Issuer's business, financial condition, and results of operations.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Resulting Issuer, Acreage Holdings and the Subsidiaries are exposed to the risk that any of their employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer, Acreage Holdings or any Subsidiary that violates, (i) government regulations, (ii) manufacturing standards, (iii) federal and provincial healthcare fraud and abuse laws and regulations, or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Resulting Issuer, Acreage Holdings or the Subsidiaries to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer, Acreage Holdings or the Subsidiaries from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, Acreage Holdings or any of the Subsidiaries, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business of the Resulting Issuer, Acreage Holdings or the Subsidiaries, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the operations of the Resulting Issuer, Acreage Holdings or the Subsidiaries, any of which could have a material adverse effect on the business, financial condition, results of operations or prospects of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries.

Intellectual Property

The success of the Resulting Issuer and Acreage Holdings will depend, in part, on the ability of the Subsidiaries to maintain and enhance trade secret protection over their existing and potential proprietary techniques and processes. The Subsidiaries may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Subsidiaries. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions. Failure of the Subsidiaries to adequately maintain and enhance protection over their proprietary techniques and processes could have a materially adverse impact on the business, financial condition and operating results of the Resulting Issuer and Acreage Holdings.

The Resulting Issuer may be exposed to infringement or misappropriation claims by third parties

The Resulting Issuer's success may likely depend on the ability of the Subsidiaries to use and develop new extraction technologies, recipes, know-how and new strains of cannabis without infringing the intellectual property rights of third parties. The Resulting Issuer cannot ensure that third parties will not assert intellectual property claims against it. The Resulting Issuer is subject to additional risks if entities licensing to it intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Resulting Issuer, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Resulting Issuer may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Resulting Issuer to injunctions prohibiting the development and operation of its applications.

Insurance Coverage

There is a risk that a greater number of state regulatory agencies will begin requiring entities engaged in certain aspects of the business or industry of legal cannabis to post a bond or significant fees when applying for example for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. The Resulting Issuer is not able to quantify at this time the potential scope for such bonds or fees in the states in which it currently or may in the future have operations. Any bonds or fees of material amounts could have a negative impact on the ultimate success of the business of the Subsidiaries and Acreage Holdings, and consequently, the Resulting Issuer.

The Resulting Issuer's business will be subject to numerous risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although Acreage Holdings maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Acreage Holdings is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its business, results of operations, financial condition or prospects.

Litigation

Any of the Resulting Issuer, Acreage Holdings or the Subsidiaries may become party to litigation from time to time in the ordinary course of business which could adversely affect their businesses. Should any litigation in which any of the Resulting Issuer, Acreage Holdings or the Subsidiaries becomes involved be determined against them, such a decision could materially adversely affect the ability of the Resulting Issuer, Acreage Holdings or any Subsidiary to continue operating and the market price for Subordinate Voting Shares and could use significant resources. Even if any of the Resulting Issuer, Acreage Holdings or the Subsidiaries are involved in litigation and wins, litigation can redirect significant resources, which can adversely affect the business, operations or financial condition of the Resulting Issuer, Acreage Holdings and/or the Subsidiaries, as applicable.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Resulting Issuer's financial estimates, projections and other forward-looking information accompanying this Listing Statement were prepared without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Resulting Issuer and its Subsidiaries might achieve.

Internal Controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under Canadian securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Operational Risks

The Resulting Issuer, Acreage Holdings and the Subsidiaries may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Subsidiaries' properties, dispensary facilities, grow facilities and extraction facilities, personal injury or death, environmental damage, or have an adverse impact on the Subsidiaries' operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the future cash flows, earnings and financial condition of the Resulting Issuer, Acreage Holdings or the Subsidiaries. Also, the Subsidiaries may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on future cash flows, earnings, results of operations and financial condition of the Resulting Issuer, Acreage Holdings or the Subsidiaries.

Difficulty Implementing Business Strategy

The growth and expansion of the Resulting Issuer is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Resulting Issuer will be successful in the implementation of its business strategy.

Conflicts of Interest

Certain of the Resulting Issuer's proposed directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Resulting Issuer intends to provide. Situations may arise in connection with potential acquisitions or investment opportunities where the other interests of these directors and officers conflict with or diverge from the Resulting Issuer's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer. However, in conflict of interest situations, the Resulting Issuer's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Resulting Issuer. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Resulting Issuer.

Effect of General Economic and Political Conditions

The business of each of the Resulting Issuer, Acreage Holdings and the Subsidiaries, is subject to the impact of changes in national or North American economic conditions including, but not limited to, recessionary or inflationary trends, equity market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the business, financial condition, results of operations or prospects of the Resulting Issuer, Acreage Holdings and the Subsidiaries.

Lack of Control Over Operations of Investments

Although it is the intent of the Resulting Issuer to maintain control or superior rights, at the time of the listing, Acreage Holdings holds a non-controlling interest in certain subsidiaries and may co-invest in the future with certain strategic investors or third parties. In these circumstances, where Acreage Holdings does not have control over the operations of a Subsidiary, certain risks can arise. In these cases, Acreage Holdings relies on its investment partners to execute on their business plans and produce medical and/or recreational cannabis products. The operators of such Subsidiaries in which Acreage Holdings does not have a controlling interest may have a significant influence over the results of operations of Acreage Holdings' investments. Further, the interests of Acreage Holdings and the operators of such Subsidiaries in which Acreage Holdings does not have a controlling interest may not always be aligned. As a result, the cash flows of Acreage Holdings are dependent upon the activities of third parties which creates the risk that at any time those third parties may, (i) have business interests or targets that are inconsistent with those of Acreage Holdings, (ii) take action contrary to Acreage Holdings' policies or objectives, (iii) be unable or unwilling to fulfill their obligations under their agreements with Acreage Holdings, or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations.

In addition, payments may flow through such Subsidiaries over which Acreage Holdings does not exercise control and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which Acreage Holdings is entitled may have a material adverse effect on Acreage Holdings and, consequently, the Resulting Issuer. In addition, Acreage Holdings must rely, in part, on the accuracy and timeliness of the information it receives from such Subsidiaries, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by such Subsidiaries over which Acreage Holdings does not exercise control to Acreage Holdings contains material inaccuracies or omissions, Acreage Holdings' ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Information Technology Systems and Cyber Security Risk

The Subsidiaries' use of technology is critical in their respective continued operations. The Subsidiaries are susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Subsidiaries or their service providers can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of customer information or confidential information and reputational risk.

The Subsidiaries have not experienced any material losses to date relating to cybersecurity attacks or other information breaches. However, there can be no assurance that the Subsidiaries will not incur such losses in the future. As cybersecurity threats continue to evolve, the Subsidiaries may be required to use additional resources to continue to modify or enhance protective measures or to investigate security vulnerabilities.

Security Risks

The business premises of the Resulting Issuer's operating locations may be targets for theft. While the Subsidiaries have implemented security measures at each location and continue to monitor and improve their security measures, their cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and a Subsidiary fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of such Subsidiary and, consequentially, the Resulting Issuer and Acreage Holdings.

As the Subsidiaries' businesses involve the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into its bank, there is a risk of theft or robbery during the transport of cash. The Subsidiaries have engaged security firms to provide security in the transport and movement of large amounts of cash. Employees occasionally transport cash and/or products and each employee has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the Subsidiaries have taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Past Performance Not Indicative of Future Results

The prior investment and operational performance of Acreage Holdings is not indicative of the future operating results of the Resulting Issuer. There can be no assurance that the historical operating results achieved by Acreage Holdings or its affiliates will be achieved by the Resulting Issuer, and the Resulting Issuer's performance may be materially different.

Going Concern Risk

The Resulting Issuer will continually monitor its capital requirements based on its capital and operational needs and the economic environment and may raise new capital as necessary. The Resulting Issuer's ability to continue as a going concern will be the ability to realize profits from its operating company and or the ability to raise additional equity or debt in the private or public markets. While Acreage Holdings has been successful in raising equity and debt to date, there can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability in the future.

In the event that the Resulting Issuer is not able to successfully complete future financings, uncertainty would exist as to whether the Resulting Issuer, Acreage Holdings and the Subsidiaries can continue as a going concern and, therefore, whether they will realize their assets and extinguish their liabilities in the normal course of business.

Restricted Access to Banking

In February 2014, the FinCEN bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Resulting Issuer may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The inability or limitation in the Resulting Issuer's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Resulting Issuer to operate and conduct its business as planned or to operate efficiently.

Certain remedies may be limited

The Resulting Issuer's governing documents may provide that the Resulting Issuer Board and its officers is eliminated to the fullest extent permitted under the laws of the Province of British Columbia. Thus, the Resulting Issuer and the shareholders of the Resulting Issuer may be prevented from recovering damages for alleged errors or omissions made by the members of the Resulting Issuer Board and its officers. The Resulting Issuer's governing documents may also provide that the Resulting Issuer will, to the fullest extent permitted by law, indemnify members of the Resulting Issuer Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of the Resulting Issuer.

The Resulting Issuer may also have contractual indemnification obligations under any future employment agreements with its officers or agreements entered into with its directors. The foregoing indemnification obligations could result in it incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which the Resulting Issuer may be unable to recoup. These provisions and the resulting costs may also discourage it from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by its shareholders against its directors and officers even though such actions, if successful, might otherwise benefit it and its shareholder.

Difficulty in enforcing judgments and effecting service of process on directors and officers

Certain proposed directors and officers of the Resulting Issuer are expected to reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Resulting Issuer shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Resulting Issuer shareholders to effect service of process within Canada upon such persons.

Risks Related to the Offering and Ownership of the Resulting Issuer Shares

Voting Control

As a result of the Multiple Voting Shares anticipated to be held by Mr. Murphy, the Resulting Issuer's proposed Chief Executive Officer, he is expected to exercise a significant majority of the voting power in respect of the Resulting Issuer Shares outstanding upon completion of the RTO. The Subordinate Voting Shares are expected to be entitled to one vote per share, Proportionate Voting Shares are expected to be entitled to 40 votes per share, and the Multiple Voting Shares are expected to be entitled to up to 3,000 votes per share. As a result, Mr. Murphy is expected to have the ability to control the outcome of all matters submitted to the Resulting Issuer's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Resulting Issuer. This concentrated control could delay, defer, or prevent a change of control of the Resulting Issuer, arrangement or amalgamation involving the Resulting Issuer or sale of all or substantially all of the assets of the Resulting Issuer that its other shareholders support. Conversely, this concentrated control could allow Mr. Murphy, as the holder of the Multiple Voting Shares, to consummate such a transaction that the Resulting Issuer's other shareholders do not support. In addition, the holder of the Multiple Voting Shares may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Resulting Issuer's business.

Unpredictability Caused by Anticipated Capital Structure and Voting Control

Although other companies have dual class or multiple voting share structures, given the unique capital structure contemplated in respect of the Resulting Issuer and the concentration of voting control that is anticipated to be held by the holders of the Multiple Voting Shares, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Resulting Issuer or other adverse consequences.

Resale of Shares and Liquidity

There can be no assurance that an active and liquid market for the Subordinate Voting Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer. In addition, there can be no assurance that the publicly-traded share price of the Resulting Issuer will be high enough to create a positive return for investors. Further, there can be no assurance that the shares of the Resulting Issuer will be sufficiently liquid so as to permit investors to sell their position in the Resulting Issuer without adversely affecting the share price. In such event, the probability of resale of the Subordinate Voting Shares would be diminished.

An active public market for the Subordinate Voting Shares might not develop or be sustained after the completion of the listing of the Subordinate Voting Shares on the CSE. If an active public market for the Subordinate Voting Shares does not develop, the liquidity of a shareholder's investment may be limited, and the share price may decline.

Acreage Holdings is a Holding Company

Acreage Holdings is a holding company and essentially all of its assets are the capital stock of the Subsidiaries in each of the markets they operate in. As a result, investors in the Resulting Issuer will be subject to the risks attributable to the Subsidiaries. As a holding company, Acreage Holdings conducts substantially all of its business through the Subsidiaries, which generate substantially all of its revenues. Consequently, Acreage Holdings' cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of the Subsidiaries and the distribution of those earnings to Acreage Holdings. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those Subsidiaries before Acreage Holdings, which may have an adverse effect on the business, prospects, result of operation and financial condition of Acreage Holdings and, consequentially, the Resulting Issuer.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the U.S. and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in price of the Subordinate Voting Shares will not occur. The market price of the Subordinate Voting Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Resulting Issuer makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Subordinate Voting Shares.

Canada-United States Border Risks

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States-Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time. Canadian investors may encounter enhanced scrutiny by United States immigration authorities while traveling from Canada to the United States as a result of their investment in the Resulting Issuer, which may result in such investors not being permitted to enter the United States for a specified period of time.

Dividends

Holders of the Resulting Issuer Shares will not have a right to dividends on such shares unless declared by the Resulting Issuer Board. Acreage Holdings has not paid dividends in the past, and it is not anticipated that the Resulting Issuer will pay any dividends in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings. The declaration of dividends is at the discretion of the Resulting Issuer Board, even if the Resulting Issuer has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Resulting Issuer's financial results, cash requirements, future prospects and other factors deemed relevant by the Resulting Issuer Board.

Dilution

The Resulting Issuer may issue additional securities in the future, which may dilute a shareholder's holdings in the Resulting Issuer. The Resulting Issuer's articles will not permit the issuance of an unlimited number of Subordinate Voting Shares, and the Resulting Issuer's shareholders will not have pre-emptive rights in connection with any future issuances of securities by the Resulting Issuer. The Resulting Issuer Board has discretion to determine the price and the terms of further issuances. Moreover, additional Subordinate Voting Shares will be issued by the Resulting Issuer on the exercise of options under the New Omnibus Equity Plan, upon the exercise of the outstanding Warrants and upon the redemption of outstanding Units. Moreover, additional Subordinate Voting Shares will be issued by the Resulting Issuer on the exercise, conversion or redemption of certain outstanding securities of the Resulting Issuer, USCo, USCo2 and Acreage Holdings in accordance with their terms. The Resulting Issuer may also issue Subordinate Voting Shares to finance future acquisitions. Acreage cannot predict the size of future issuances of Subordinate Voting Shares or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and the Resulting Issuer may experience dilution in its revenue per share.

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Resulting Issuer may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Discretion in the Use of Proceeds

The Resulting Issuer intends to use the net proceeds from the Finco SR Financing as set forth under "-- *Purpose of Funds*"; however, management maintains discretion concerning the use of the net proceeds. Therefore, an investor will be relying on the judgment of management for the application of the proceeds of the Finco SR Financing. Management may use the net proceeds of the Finco SR Financing other than as described under the heading "-- *Purpose of Funds*" if management believes it would be in the Resulting Issuer's best interest to do so, which may be in ways that an investor may not consider desirable. If the Resulting Issuer does not apply these funds efficiently it may materially adversely affect the operational results and financial condition of the Resulting Issuer.

ERISA Imposes Additional Obligations on Certain Investors

In considering an investment in the Subscription Receipts, trustees, custodians, investment managers and fiduciaries of retirement and other plans subject to the fiduciary responsibility provisions of the ERISA or section 4975 of the Code, should consider, among other things: (1) whether an investment in the Subscription Receipts is in accordance with plan documents and satisfies the diversification requirements of sections 404(a)(1)(C) and 404(a)(1)(D) of ERISA, if applicable; (2) whether an investment in the Subscription Receipts will result in unrelated business taxable income to the plan; (3) whether the investment is prudent under section 404(a)(1)(B) of ERISA, if applicable, given the nature of an investment in, and the compensation structure of, the Resulting Issuer and the potential lack of liquidity of the Subscription Receipts; and (4) whether the Resulting Issuer or any of its affiliates is a fiduciary or party in interest to the plan. Fiduciaries and other persons responsible for the investment of certain governmental and church plans that are subject to any provision of federal, state, or local law that is substantially similar to the fiduciary responsibility provisions of Title I of ERISA or section 4975 of the Code that are considering the purchase of the Subscription Receipts should consider the applicability of the provisions of such similar law and whether the Subscription Receipts would be an appropriate investment under such similar law. The responsible fiduciary must take into account all of the facts and circumstances of the plan and of the investment when determining if a particular investment is prudent.

United States Tax Classification of the Resulting Issuer

Although the Resulting Issuer is and will continue to be a Canadian corporation, the Resulting Issuer intends to be treated as a United States corporation for United States federal income tax purposes under section 7874 of the Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Resulting Issuer is expected, regardless of any application of section 7874 of the Code, to be treated as being resident of Canada under the Tax Act. As a result, the Resulting Issuer will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Resulting Issuer will pay any dividends on the Subordinate Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Resulting Issuer will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty. These dividends may however qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty.

Because the Subordinate Voting Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Subordinate Voting Shares.

Acreage Holdings is treated as a U.S. domestic corporation for U.S. federal income tax purposes under section 7874 of the Code. As a U.S. domestic corporation for U.S. federal income tax purposes, the taxation of the Resulting Issuer's non-U.S. holders of the Resulting Issuer Shares upon a disposition of Subordinate Voting Shares generally depends on whether the Resulting Issuer is classified as a United States real property holding corporation (a "**USRPHC**") under the Code. The Resulting Issuer believes that it is not currently, and has never been, a USRPHC. However, the Resulting Issuer has not sought and does not intend to seek formal confirmation of its status as a non-USRPHC from the IRS. If the Resulting Issuer ultimately is determined by the IRS to constitute a USRPHC, its non-U.S. holders of the Resulting Issuer Shares may be subject to U.S. federal income tax on any gain associated with the disposition of the Subordinate Voting Shares.

For more detailed information, please see "*Other Material Facts - Certain United States Federal Income Tax Considerations*" and "*Other Material Facts - Certain Canadian Federal Income Tax Considerations*".

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Risks Related to the Resulting Issuer's Organizational Structure

The Resulting Issuer's principal asset after the completion of the RTO will be its indirect interest in Acreage Holdings and, accordingly, the Resulting Issuer will depend on distributions from Acreage Holdings to pay its taxes and expenses. Acreage Holdings' ability to make such distributions may be subject to various limitations and restrictions

Upon the completion of the RTO, the Resulting Issuer will be a holding company and will have no material assets other than its indirect ownership of Units. As such, the Resulting Issuer will have no independent means of generating revenue or cash flow. The Resulting Issuer has determined that Acreage Holdings will be a variable interest entity (a "**VIE**") and that it will be the primary beneficiary of Acreage Holdings. Accordingly, pursuant to the VIE accounting model, the Resulting Issuer will consolidate Acreage Holdings in its consolidated financial statements. In the event of a change in accounting guidance or amendments to the Third Amended and Restated LLC Agreement resulting in the Resulting Issuer no longer having a controlling interest in Acreage Holdings, the Resulting Issuer may not be able to consolidate Acreage Holdings' results of operations with its own, which would have a material adverse effect on the Resulting Issuer's results of operations. Moreover, the Resulting Issuer's ability to pay its taxes and operating expenses or declare and pay dividends in the future, if any, will be dependent upon the financial results and cash flows of Acreage Holdings and the Subsidiaries and distributions it receives indirectly from Acreage Holdings. There can be no assurance that any of Acreage Holdings or the Subsidiaries will generate sufficient cash flow to distribute funds to the Resulting Issuer or that applicable state law and contractual restrictions will permit such distributions.

Acreage Holdings will continue to be treated as a partnership for U.S. federal income tax purposes and, as such, will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to the holders of Units. Accordingly, holders of Units will incur income taxes on their allocable share of any net taxable income of Acreage Holdings. Under the terms of the Third Amended and Restated LLC Agreement, Acreage Holdings will be obligated to make tax distributions to holders of Units. USCO intends, as its manager, to cause Acreage Holdings to make cash distributions to the owners of Units in an amount sufficient to (i) fund their tax obligations in respect of taxable income allocated to them, and (ii) cover the operating expenses of USCo, USCo2 and the Resulting Issuer, including payments under the Tax Receivable Agreement. However, Acreage Holdings' ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would either violate any contract or agreement to which Acreage Holdings is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering Acreage Holdings insolvent. If the Resulting Issuer does not have sufficient funds to pay tax or other liabilities or to fund its operations, it may have to borrow funds, which could materially adversely affect its liquidity and financial condition and subject it to various restrictions imposed by any such lenders. In addition, if Acreage Holdings does not have sufficient funds to make distributions, the Resulting Issuer's ability to declare and pay cash dividends will also be restricted or impaired.

The Tax Receivable Agreement with Acreage Holdings, USCo and the Tax Receivable Recipients (as defined below) requires USCo to make cash payments to the Tax Receivable Recipients in respect of certain tax benefits to which USCo may become entitled, and USCo expects that the payments USCo will be required to make will be substantial.

Upon the closing of the RTO, USCo will be a party to the Tax Receivable Agreement with Acreage Holdings, the Founder, certain executive employees and profit interests holders of Acreage Holdings (the Founder, certain executive employees and profit interests holders of Acreage Holdings party to the Tax Receivable Agreement, the "**Tax Receivable Recipients**"). Under the Tax Receivable Agreement, USCo will be required to make cash payments to the Tax Receivable Recipients equal to 65% of the tax benefits, if any, that USCo actually realizes, or in certain circumstances is deemed to realize, as a result of (i) the increases in its share of the tax basis of assets of Acreage Holdings resulting from any redemptions or exchanges of Acreage Holdings Units from the Members, and (ii) certain other tax benefits related to USCo making payments under the Tax Receivable Agreement. Although the actual timing and amount of any payments that USCo makes to the Tax Receivable Recipients under the Tax Receivable Agreement will vary, it expects those payments will be significant. Any payments made by USCo to the Tax Receivable Recipients under the Tax Receivable Agreement may generally reduce the amount of overall cash flow that might have otherwise been available to it. Furthermore, USCo's future obligation to make payments under the Tax Receivable Agreement could make the Resulting Issuer a less attractive target for an acquisition. Payments under the Tax Receivable Agreement are not conditioned on any Tax Receivable Recipient's continued ownership of Units or the Resulting Issuer Shares after the RTO.

The actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the timing of redemptions or exchanges by the holders of Units, the amount of gain recognized by such holders of Units, the amount and timing of the taxable income USCo generates in the future, and the federal tax rates then applicable.

The Resulting Issuer's proposed Chief Executive Officer, Mr. Murphy, has control over all shareholder decisions because he controls a substantial majority of the combined voting power of the Resulting Issuer Shares. This will limit or preclude others' ability to influence corporate matters, including the election of directors, amendments of the Resulting Issuer's organizational documents and any merger, consolidation, sale of all or substantially all of its assets, or other major corporate transaction requiring shareholder approval

The Resulting Issuer's proposed Chief Executive Officer, Mr. Murphy, will own 100% of the Multiple Voting Shares, which are intended to provide voting control to Mr. Murphy. As a result, Mr. Murphy will have the ability to substantially control the Resulting Issuer, including the ability to control any action requiring the general approval of its shareholders, including the election of the Resulting Issuer Board, the adoption of amendments to its amended and restated certificate of incorporation and by-laws and the approval of any merger or sale of substantially all of its assets. This concentration of ownership and voting power may also delay, defer or even prevent an acquisition by a third party or other change of control of the Resulting Issuer and may make some transactions more difficult or impossible without his support, even if such events are in the best interests of minority shareholders. This concentration of voting power with Mr. Murphy may have a negative impact on the price of the Resulting Issuer Shares.

As the Resulting Issuer's Chief Executive Officer, Mr. Murphy will have control over the day-to-day management and the implementation of major strategic investments, subject to authorization and oversight by the Resulting Issuer Board. As a member of the Resulting Issuer Board, Mr. Murphy will owe fiduciary duties to the Resulting Issuer, including those of care and loyalty, and must act in good faith and with a view to the interests of the Resulting Issuer. However, British Columbia law provides that a director or officer shall not be personally liable to a corporation for a breach of fiduciary duty except for an act or omission constituting a breach and which involves intentional misconduct, fraud or a knowing violation of law. In addition, a director or officer is entitled to a presumption that he or she acted in good faith, on an informed basis and with a view to the interests of the corporation, and is not individually liable unless that presumption is found by a trier of fact to have been rebutted. As a shareholder, even a controlling shareholder, Mr. Murphy will be entitled to vote his shares, and shares over which he has voting control, in his own interests, which may not always be in the interests of the Resulting Issuer's shareholders generally. Because Mr. Murphy holds his economic interest in the Resulting Issuer's business through Acreage Holdings, rather than through the public company, he may have conflicting interests with holders of the Resulting Issuer Shares. For example, Mr. Murphy may have different tax positions from the Resulting Issuer, which could influence his decisions regarding whether and when the Resulting Issuer should dispose of assets or incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement, and whether and when the Resulting Issuer should undergo certain changes of control within the meaning of the Tax Receivable Agreement or terminate the Tax Receivable Agreement. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to the Resulting Issuer. In addition, the significant ownership of Mr. Murphy in the Resulting Issuer and his resulting ability to effectively control the Resulting Issuer may discourage someone from making a significant equity investment in the Resulting Issuer, or could discourage transactions involving a change in control, including transactions in which holders of the Resulting Issuer Shares might otherwise receive a premium for their shares over the then-current market price.

The Resulting Issuer's organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Tax Receivable Recipients that will not benefit the holders of the Resulting Issuer Shares to the same extent as it will benefit the Tax Receivable Recipients.

The Resulting Issuer's organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Tax Receivable Recipients that will not benefit the holders of the Resulting Issuer Shares to the same extent as it will benefit the Tax Receivable Recipients. Acreage Holdings will be a party to the Tax Receivable Agreement with USCo, and the Tax Receivable Recipients and it will provide for the payment by USCo to the Tax Receivable Recipients of 65% of the amount of tax benefits, if any, that it actually realizes, or in some circumstances is deemed to realize, as a result of (i) the increases in the tax basis of assets of Acreage Holdings resulting from any redemptions or exchanges of Units from the Acreage Holdings Members as described under Article XI of the Third Amended and Restated LLC Agreement, and (ii) certain other tax benefits related to USCo making payments under the Tax Receivable Agreement. An additional 20% of such tax benefits will be paid to certain executives of Acreage Holdings upon the Tax Receivable Bonus Plan. Although USCo will retain 15% of the amount of such tax benefits, this and other aspects of the Resulting Issuer's organizational structure may adversely impact the future trading market for the Subordinate Voting Shares.

In certain cases, payments under the Tax Receivable Agreement to the Tax Receivable Recipients may be accelerated or significantly exceed the actual benefits USCo realizes in respect of the tax attributes subject to the Tax Receivable Agreement

The Tax Receivable Agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control or if, at any time, USCo elects an early termination of the Tax Receivable Agreement, then its obligations, or its successor's obligations, under the Tax Receivable Agreement to make payments thereunder would be based on certain assumptions, including an assumption that USCo would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement.

As a result of the foregoing, (i) USCo could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual benefits it ultimately realizes in respect of the tax benefits that are subject to the Tax Receivable Agreement, and (ii) if it elects to terminate the Tax Receivable Agreement early, it would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, USCo's obligations under the Tax Receivable Agreement could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control of the Resulting Issuer. There can be no assurance that USCo will be able to fund or finance its obligations under the Tax Receivable Agreement.

USCo will not be reimbursed for any payments made to the Tax Receivable Recipients in the event that any tax benefits are disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that USCo determines, and the IRS or another tax authority may challenge all or part of the tax basis increases, as well as other related tax positions USCo takes, and a court could sustain such challenge. If the outcome of any such challenge would reasonably be expected to materially affect a recipient's payments under the Tax Receivable Agreement, then USCo will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of each Tax Receivable Recipient that directly or indirectly owns at least 10% of the outstanding Units. USCo will not be reimbursed for any cash payments previously made under the Tax Receivable Agreement in the event that any tax benefits initially claimed by USCo and for which payment has been made are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by USCo to a Tax Receivable Recipient will be netted against any future cash payments that USCo might otherwise be required to make under the terms of the Tax Receivable Agreement. However, USCo might not determine that USCo has effectively made an excess cash payment to a Tax Receivable Recipient for a number of years following the initial time of such payment and, if any of USCo tax reporting positions are challenged by a taxing authority, USCo will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. As a result, payments could be made under the Tax Receivable Agreement in excess of the tax savings that USCo realizes in respect of the tax attributes with respect to a Tax Receivable Recipient that are the subject of the Tax Receivable Agreement.

Fluctuations in the Resulting Issuer's tax obligations and effective tax rate and realization of the Resulting Issuer's deferred tax assets may result in volatility of the Resulting Issuer's operating results

The Resulting Issuer will be subject to taxes by the Canadian federal, state, local and foreign tax authorities, and the Resulting Issuer's tax liabilities will be affected by the allocation of expenses to differing jurisdictions. The Resulting Issuer records tax expenses based on estimates of future earnings, which may include reserves for uncertain tax positions in multiple tax jurisdictions, and valuation allowances related to certain net deferred tax assets. At any one time, many tax years may be subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these matters. The Resulting Issuer expects that throughout the year there could be ongoing variability in the quarterly tax rates as events occur and exposures are evaluated. The Resulting Issuer's future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of share-based compensation;
- changes in tax laws, regulations or interpretations thereof; or
- future earnings being lower than anticipated in countries where the Resulting Issuer has lower statutory tax rates and higher than anticipated earnings in countries where the Resulting Issuer has higher statutory tax rates.

In addition, the Resulting Issuer's effective tax rate in a given financial statement period may be materially impacted by a variety of factors including but not limited to changes in the mix and level of earnings, varying tax rates in the different jurisdictions in which the Resulting Issuer, Acreage Holdings and the Subsidiaries operate, fluctuations in valuation allowances, deductibility of certain items, or by changes to existing accounting rules or regulations. Further, tax legislation may be enacted in the future which could negatively impact the Resulting Issuer's current or future tax structure and effective tax rates. The Resulting Issuer, Acreage Holdings or any Subsidiary may be subject to audits of income, sales, and other transaction taxes by federal, state, local, and foreign taxing authorities. Outcomes from these audits could have an adverse effect on the Resulting Issuer's operating results and financial condition of the Resulting Issuer, Acreage Holdings or the Subsidiaries.

*If the Resulting Issuer were deemed to be an investment company under the U.S. Investment Company Act of 1940, as amended (the "**1940 Act**"), as a result of its ownership of Acreage Holdings, applicable restrictions could make it impractical for the Resulting Issuer to continue its business as contemplated and could have a material adverse effect on its business*

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. The Resulting Issuer does not believe it is an "investment company," as such term is defined in either of those sections of the 1940 Act.

The Resulting Issuer indirectly controls and operates Acreage Holdings. On that basis, the Resulting Issuer believes that its interest in Acreage Holdings is not an "investment security" as that term is used in the 1940 Act. However, if the Resulting Issuer were to cease participation in the management of Acreage Holdings, its interest in the Resulting Issuer could be deemed an "investment security" for purposes of the 1940 Act.

The Resulting Issuer and Acreage Holdings intend to conduct their operations so that the Resulting Issuer will not be deemed an investment company. However, if the Resulting Issuer were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on the Resulting Issuer's capital structure and the Resulting Issuer's ability to transact with affiliates, could make it impractical for the Resulting Issuer to continue its business as contemplated and could have a material adverse effect on the Resulting Issuer's business.

18. PROMOTERS

Mr. Murphy may be considered a promoter of the Resulting Issuer, as he has taken the initiative in reorganizing and financing the business of Acreage Holdings and the Resulting Issuer. Other than disclosed in this Listing Statement, there is nothing of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Murphy directly or indirectly from Acreage Holdings, the Resulting Issuer or from a Subsidiary, nor any assets, services or other consideration received or to be received by the Acreage Holdings, the Resulting Issuer or a Subsidiary in return. Other than disclosed in this Listing Statement, no asset has been acquired, within the two years before the date of this document, or is to be acquired by the Acreage Holdings, the Resulting Issuer or any Subsidiary, from Mr. Murphy. Additional information about Mr. Murphy is disclosed elsewhere in this Listing Statement, including in connection with his capacity as an officer and director of the Resulting Issuer. See Section *"Directors and Officers"* and *"Executive Compensation"* for further details.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

As of the date of this Listing Statement, aside from the legal proceeding summarized below, there is no legal proceeding material to, and no contemplated legal proceedings or regulatory actions known to be material to, any of Pubco, Acreage Holdings, the Resulting Issuer or any Subsidiary, or to which any of Pubco, Acreage Holdings, the Resulting Issuer or any Subsidiary is a party or of which any of their property is the subject matter.

On November 2, 2018, EPMMNY LLC ("**EPMMNY**") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC and Acreage Holdings. The Index Number for the action is 655480/2018. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

Acreage Holdings intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by Acreage Holdings. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

19.2 Regulatory actions

As of the date of this Listing Statement, none of Pubco, Acreage Holdings, the Resulting Issuer or any Subsidiary has been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years immediately preceding the date hereof, nor has any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date hereof, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Resulting Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out elsewhere in this Listing Statement, no proposed director or executive officer of the Resulting Issuer or person or company that is expected to be a director or indirect beneficial owner of, or exercise direction or control over, more than 10 percent of any class or series of the voting securities of the Resulting Issuer immediately following completion of the RTO, or any Associate or Affiliate of the foregoing has or had any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, which has will materially affect the Resulting Issuer or any of its Subsidiaries.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

Prior to completion of the RTO, the auditors of Pubco were RSM Canada LLP, at its office located at 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7.

The auditors of Acreage Holdings are Macias Gini & O'Connell LLP, at its office located at 3000 S. Street, Suite 300, Sacramento, CA 95816.

The auditors of D&B Wellness, LLC are Sheehan & Company, C.P.A., P.C., at its office located at 165 Orinoco Drive, Brightwaters, NY, 11718.

The auditors of PWCT, WPMC, and PATCC are Davidson & Company LLP, Chartered Professional Accountants, P.O. Box 10372, Pacific Centre, 1200 - 609 Granville Street, Vancouver, BC, Canada, V7Y 1G6.

At the Pubco Meeting, the Pubco Shareholders approved the appointment of MNP LLP, Chartered Professional Accountants, at its office located at 111 Richmond St W #300, Toronto, ON M5H 2G4, Canada, as the auditors of the Resulting Issuer upon completion of the RTO.

21.2 Transfer Agents

The transfer agent and registrar of the Resulting Issuer's securities will be, Odyssey Trust Company, at its offices located at 835 - 409 Granville Street, Vancouver, British Columbia V6C 1T2.

22. MATERIAL CONTRACTS

22.1 Material Contracts

Except for contracts entered into by the Resulting Issuer in the ordinary course of business, set out below are the only material contracts entered into or currently anticipated to be entered into by the Resulting Issuer or a subsidiary of the Resulting Issuer within the two years before the date of Listing Statement:

(a) A&R LLC Agreement (see Section 10 above for further details);

(b) Acreage Support Agreement (see Section 10 above for further details);

(c) USCo2 Support Agreement (see Section 10 above for further details);

(d) Definitive Agreement;

(e) Tax Receivable Agreement (see Section 10 above for further details); and

(f) Coattail Agreement.

22.2 Unitholders' Agreement

A copy of the A&R LLC Agreement will be filed under the Resulting Issuer's profile on www.sedar.com.

23. INTEREST OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of Pubco, Acreage Holdings or of an Associate or Affiliate thereof and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of Pubco, Acreage Holdings or of an Associate or Affiliate thereof and no such person is a promoter of Pubco, Acreage Holdings or of an Associate or Affiliate thereof. RSM Canada LLP is independent of Pubco in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario. Macias Gini & O'Connell LLP, Sheehan & Company, C.P.A., P.C., and Davidson & Company LLP are all independent of Acreage Holdings, and have performed their services in accordance with the rules of professional conduct of International Auditing Standards.

24. OTHER MATERIAL FACTS

24.1 Certain United States Federal Income Tax Considerations

The following discussion is a summary of the material U.S. federal income tax considerations for U.S. Holders and Non-U.S. Holders (each as defined below) relating to the ownership and disposition of Subordinate Voting Shares, but does not purport to be a complete analysis of all potential tax matters for consideration. The effects of tax laws, including by way of example only certain U.S. estate and gift tax laws, and any applicable State, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, in each instance in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of Subordinate Voting Shares. The Resulting Issuer has not sought and will not seek any rulings from the IRS, or an opinion from legal counsel, regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of Subordinate Voting Shares.

This discussion is limited to U.S. Holders and Non-U.S. Holders that hold Subordinate Voting Shares after giving effect to the RTO and that hold Subordinate Voting Shares as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation holders who, or which, are:

- U.S. expatriates, former citizens of the U.S., or former long-term residents of the U.S.;
- subject to the alternative minimum tax or the tax on net investment income;
- holding Subordinate Voting Shares as part of a hedge, straddle, or as part of a conversion transaction or other integrated investment or risk reduction strategy or transaction;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities or foreign currencies, or that use the mark-to-market method of accounting for U.S. federal income tax purposes;
- "controlled foreign corporations", "passive foreign investment companies", or corporations that accumulate earnings to avoid, or which has the result of avoiding, U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- deemed to sell Subordinate Voting Shares under the constructive sale provisions of the Code;

- are required to accelerate the recognition of any item of gross income with respect to Subordinate Voting Shares as a result of such income being recognized on an applicable financial statement;
- persons who hold or receive Subordinate Voting Shares pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If an entity treated as a partnership for U.S. federal income tax purposes holds Subordinate Voting Shares, the tax treatment of a partner in such partnership generally will depend on the status of the partner, the activities of the entity treated as a partnership for U.S. federal income tax purposes, and certain determinations made at the partner level. Accordingly, entities treated as partnerships holding Subordinate Voting Shares and the partners in such entities should consult their own tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. RESULTING ISSUER SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SUBORDINATE VOTING SHARES ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a U.S. Holder

For purposes of this discussion, a "U.S. Holder" is any beneficial owner of Subordinate Voting Shares after giving effect to the RTO that is, for U.S. federal income tax purposes:

- an individual who is a U.S. resident (discussed below) or U.S. citizen;
- a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S., any State within the U.S. or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that either (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

With respect to the first bullet point above, an individual is generally treated as a resident of the U.S. in any calendar year for U.S. federal income tax purposes if the individual either (i) is the holder of a green card, generally during any point of such year, or (ii) is present in the U.S. for at least 31 days in that calendar year, and for an aggregate of at least 183 days during the three-year period ending on the last day of the current calendar year. For purposes of the 183-day calculation (often referred to as the Substantial Presence Test), all of the days present in the U.S. during the current year, one-third of the days present in the U.S. during the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Residents are generally treated for U.S. federal income tax purposes as if they were U.S. citizens.

Tax Classification as a U.S. Domestic Corporation

As a result of the RTO, pursuant to Section 7874(b) of the Code and the Treasury Regulations promulgated thereunder, notwithstanding that the Resulting Issuer is organized under the provisions of the BCBCA, solely for U.S. federal income tax purposes, it is anticipated that the Resulting Issuer will be treated as a U.S. domestic corporation.

The Resulting Issuer anticipates that it will experience a number of significant and complicated U.S. federal income tax consequences as a result of being treated as a U.S. domestic corporation for U.S. federal income tax purposes, and this summary does not attempt to describe all such U.S. federal income tax consequences. Section 7874 of the Code and the Treasury Regulations promulgated thereunder do not address all the possible tax consequences that arise from the Resulting Issuer being treated as a U.S. domestic corporation for U.S. federal income tax purposes. Accordingly, there may be additional or unforeseen U.S. federal income tax consequences to the Resulting Issuer that are not discussed in this summary.

Generally, the Resulting Issuer will be subject to U.S. federal income tax on its worldwide taxable income (regardless of whether such income is "U.S. source" or "foreign source") and will be required to file a U.S. federal income tax return annually with the IRS. The Resulting Issuer anticipates that it will also be subject to tax in Canada. It is unclear how the foreign tax credit rules under the Code will operate in certain circumstances, given the treatment of the Resulting Issuer as a U.S. domestic corporation for U.S. federal income tax purposes and the taxation of the Resulting Issuer in Canada. Accordingly, it is possible that the Resulting Issuer will be subject to double taxation with respect to all or part of its taxable income. It is anticipated that such U.S. and Canadian tax treatment will continue indefinitely and that the Subordinate Voting Shares will be treated indefinitely as shares in a U.S. domestic corporation for U.S. federal income tax purposes, notwithstanding future transfers. The remainder of this summary assumes that the Resulting Issuer will be treated as a U.S. domestic corporation for U.S. federal income tax purposes.

Tax Considerations for U.S. Holders

Distributions

Distributions of cash or property on Subordinate Voting Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from the Resulting Issuer's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Dividends will generally be taxable to a non-corporate U.S. Holder at the preferential rates applicable to long-term capital gains, provided that such holder meets certain holding period and other requirements. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a U.S. Holder's adjusted tax basis in its Subordinate Voting Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "-- *Sale or Other Taxable Disposition*" below.

Dividends received by corporate U.S. Holders may be eligible for a dividends received deduction, subject to certain restrictions relating to, among others, the corporate U.S. Holder's taxable income, holding period and debt financing.

Sale or Other Taxable Disposition

Upon the sale or other taxable disposition of Subordinate Voting Shares, a U.S. Holder will generally recognize capital gain or loss equal to the difference between (i) the amount realized by such U.S. Holder in connection with such sale or other taxable disposition, and (ii) such U.S. Holder's adjusted tax basis in such stock. Such capital gain or loss will generally be long-term capital gain or loss if the U.S. Holder's holding period respecting such stock is more than twelve months. U.S. Holders who are individuals are eligible for preferential rates of taxation respecting their long-term capital gains. Deductions for capital losses are subject to limitations.

Foreign Tax Credit Limitations

Because it is anticipated that the Resulting Issuer will be subject to tax both as a U.S. domestic corporation and as a Canadian corporation, a U.S. Holder may pay, through withholding, Canadian tax, as well as U.S. federal income tax, with respect to dividends paid on its Subordinate Voting Shares. For U.S. federal income tax purposes, a U.S. Holder may elect for any taxable year to receive either a credit or a deduction for all foreign income taxes paid by the holder during the year. Complex limitations apply to the foreign tax credit, including a general limitation that the credit cannot exceed the proportionate share of a taxpayer's U.S. federal income tax that the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income. In applying this limitation, items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. The status of the Resulting Issuer as a U.S. domestic corporation for U.S. federal income tax purposes will cause dividends paid by the Resulting Issuer to be treated as U.S. source rather than foreign source for this purpose. As a result, a foreign tax credit may be unavailable for any Canadian tax paid on dividends received from the Resulting Issuer. Similarly, to the extent a sale or disposition of the Subordinate Voting Shares by a U.S. Holder results in Canadian tax payable by the U.S. Holder (for example, because the Subordinate Voting Shares constitute taxable Canadian property within the meaning of the Tax Act), a U.S. foreign tax credit may be unavailable to the U.S. Holder for such Canadian tax. In each case, however, the U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not elected to credit other foreign taxes during the same taxable year.

The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisors regarding these rules.

Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or the amount of proceeds paid in foreign currency on the sale, exchange or other taxable disposition of Subordinate Voting Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Information Reporting and Backup Withholding

U.S. backup withholding (currently at a rate of 24%) is imposed upon certain payments to persons that fail (or are unable) to furnish the information required pursuant to U.S. information reporting requirements. Distributions to U.S. Holders will generally be exempt from backup withholding, provided the U.S. Holder meets applicable certification requirements, including providing a U.S. taxpayer identification number on a properly completed IRS Form W-9, or otherwise establishes an exemption. The Resulting Issuer must report annually to the IRS and to each U.S. Holder the amount of distributions and dividends paid to that U.S. Holder and the proceeds from the sale or other disposition of Subordinate Voting Shares, unless such U.S. Holder is an exempt recipient.

Backup withholding does not represent an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will generally be allowed as a credit against such U.S. Holder's U.S. federal income tax liability, and may entitle such U.S. Holder to a refund, provided the required information and returns are timely furnished by such U.S. Holder to the IRS.

Tax Considerations for Non-U.S. Holders

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of Subordinate Voting Shares after giving effect to the RTO that is neither a "U.S. Holder" nor an entity treated as a partnership for U.S. federal income tax purposes.

Distributions

Distributions of cash or property on Subordinate Voting Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from the Resulting Issuer's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its Subordinate Voting Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "-- *Sale or Other Taxable Disposition*" below.

Subject to the discussions under "-- *Information Reporting and Backup Withholding*" and under "-- *FATCA*" below, any dividend paid to a Non-U.S. Holder of Subordinate Voting Shares that is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S. will be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified under an applicable income tax treaty. In order to receive a reduced treaty rate, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or an appropriate successor form), properly certifying such holder's eligibility for the reduced rate. If a Non-U.S. Holder holds Subordinate Voting Shares through a financial institution or other agent acting on the Non-U.S. Holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to such agent, and the Non-U.S. Holder's agent will then be required to provide such (or a similar) certification to us, either directly or through other intermediaries. A Non-U.S. Holder that does not timely furnish the required certification, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder) generally will be exempt from the withholding tax described above and instead will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if the Non-U.S. Holder were a U.S. person. In such case, the Resulting Issuer will not have to withhold U.S. federal tax so long as the Non-U.S. Holder timely complies with the applicable certification and disclosure requirements. In order to obtain this exemption from withholding tax, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8ECI properly certifying its eligibility for such exemption. Any such effectively connected dividends received by a corporate Non-U.S. Holder may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items. Non-U.S. Holders should consult their own tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

Subject to the discussions under "-- *Information Reporting and Backup Withholding*" and under "-- *FATCA*" below, any gain realized on the sale or other disposition of Subordinate Voting Shares by a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder);
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met; or
- the rules of the Foreign Investment in Real Property Tax Act of 1980 ("**FIRPTA**") apply to treat the gain as effectively connected with a U.S. trade or business.

A Non-U.S. Holder who has gain that is described in the first bullet point immediately above will be subject to U.S. federal income tax on the gain derived from the sale or other disposition pursuant to regular graduated U.S. federal income tax rates in the same manner as if it were a U.S. person. In addition, a corporate Non-U.S. Holder described in the first bullet point immediately above may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits (or at such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items.

A Non-U.S. Holder who meets the requirements described in the second bullet point immediately above will be subject to a flat 30% tax (or a lower tax rate specified by an applicable tax treaty) on the gain derived from the sale or other disposition, which gain may be offset by certain U.S. source capital losses (even though the individual is not considered a resident of the U.S.), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, pursuant to FIRPTA, in general, a Non-U.S. Holder is subject to U.S. federal income tax in the same manner as a U.S. Holder on any gain realized on the sale or other disposition of a "U.S. real property interest" ("**USRPI**"). For purposes of these rules, a USRPI generally includes stock in a U.S. corporation (like Subordinate Voting Shares) assuming the U.S. corporation's interests in U.S. real property constitute 50% or more, by value, of the sum of the U.S. corporation's (i) assets used in a trade or business, (ii) U.S. real property interests, and (iii) interests in real property outside of the U.S. A U.S. corporation whose interests in U.S. real property constitute 50% or more, by value, of the sum of such assets is commonly referred to as a USRPHC. The Resulting Issuer is not, and does not anticipate becoming as a result of the RTO, a USRPHC.

Information Reporting and Backup Withholding

With respect to distributions and dividends on Subordinate Voting Shares, the Resulting Issuer must report annually to the IRS and to each Non-U.S. Holder the amount of distributions and dividends paid to such Non-U.S. Holder and any tax withheld with respect to such distributions and dividends, regardless of whether withholding was required with respect thereto. Copies of the information returns reporting such dividends and distributions and withholding also may be made available to the tax authorities in the country in which the Non-U.S. Holder resides or is established under the provisions of an applicable income tax treaty, tax information exchange agreement or other arrangement. A Non-U.S. Holder will be subject to backup withholding for dividends and distributions paid to such Non-U.S. Holder unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

With respect to sales or other dispositions of Subordinate Voting Shares, information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of Subordinate Voting Shares within the U.S. or conducted through certain U.S.-related financial intermediaries, unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

Whether with respect to distributions and dividends, or the sale or other disposition of Subordinate Voting Shares, backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

FATCA

Withholding taxes may be imposed pursuant to FATCA (Sections 1471 through 1474 of the Code) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, except as discussed below, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition (including certain distributions treated as a sale or other disposition) of, Subordinate Voting Shares paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code).

Such 30% FATCA withholding will not apply to a foreign financial institution if such institution undertakes certain diligence and reporting obligations, or otherwise qualifies for an exemption from these rules. The diligence and reporting obligations include, among others, entering into an agreement with the U.S. Department of Treasury pursuant to which the foreign financial institution must (i) undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), (ii) annually report certain information about such accounts, and (iii) withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

The 30% FATCA withholding will not apply to a non-financial foreign entity which either certifies that it does not have any "substantial United States owners" (as defined in the Code), furnishes identifying information regarding each substantial United States owner, or otherwise qualifies for an exemption from these rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA (i) generally applies currently to payments of dividends on Subordinate Voting Shares, and (ii) will apply to payments of gross proceeds from the sale or other disposition of such stock (including certain distributions treated as a sale or other disposition) on or after January 1, 2019.

24.2 Certain Canadian Federal Income Tax Considerations

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable to a shareholder who holds Subordinate Voting Shares and who at all relevant times, for purposes of the Tax Act holds the Subordinate Voting Shares as capital property and deals at arm's length with the Resulting Issuer and is not affiliated with the Resulting Issuer (a "**Holder**"). Generally, the Subordinate Voting Shares will be considered to be capital property to a Holder unless they are held or acquired in the course of carrying on a business of trading in or dealing in securities or as part of an adventure or concern in the nature of trade.

This summary is based on the facts set out in this prospectus, the current provisions of the Tax Act (including the regulations thereunder), all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) ("**Tax Proposals**") before the date of this prospectus, the current published administrative policies and assessing practices of the Canada Revenue Agency and the Canada-United States Tax Convention (1980), as amended (the "**Treaty**"). No assurance can be made that the Tax Proposals will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial, or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of a Subordinate Voting Share, and no representation concerning the tax consequences to any particular Holder or prospective Holder are made. Accordingly, Holders of Subordinate Voting Shares should consult their own tax advisors with respect to an investment in the Subordinate Voting Shares having regard to their particular circumstances.

Holders Resident in Canada

This portion of the summary applies to a Holder who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada (a "**Canadian Holder**"). Canadian Holders whose Subordinate Voting Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Subordinate Voting Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Canadian Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Where a Canadian Holder makes an election with the Resulting Issuer under section 85 of the Tax Act, the Subordinate Voting Shares received will not be "Canadian securities" to such holder and will not be deemed to be capital property under subsection 39 (4) of the Tax Act. Canadian Holders should consult their own tax advisors with respect to whether the election is available and advisable in their particular circumstances.

This summary is not applicable to: (a) a Canadian Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, (b) a Canadian Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act, (c) a Canadian Holder that is a "specified financial institution" as defined in the Tax Act, or (d) a Canadian Holder which has made an election under the Tax Act to determine its Canadian tax results in a foreign currency. This summary does not apply to a Canadian Holder who has entered or will enter into a "derivative forward agreement" under the Tax Act with respect to Subordinate Voting Shares. This summary does not address the possible application of the "foreign affiliate dumping" rules that may be applicable to a Canadian Holder that is a corporation resident in Canada (for the purposes of the Tax Act) and is, or becomes, or does not deal at arm's length with a corporation resident in Canada that is, or that becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Subordinate Voting Shares, controlled by a non-resident corporation for purposes of the rules in section 212.3 of the Tax Act. Any such Canadian Holder to which this summary does not apply should consult its own tax advisor.

Dividends on Subordinate Voting Shares

In the case of a Canadian Holder who is an individual, dividends received or deemed to be received on the Subordinate Voting Shares will be included in computing the Canadian Holder's income and will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by the Resulting Issuer, any such dividend will be treated as an "eligible dividend" for the purposes of the Tax Act and a Canadian Holder who is an individual will be entitled to an enhanced dividend tax credit in respect of such dividend. There may be limitations on the Resulting Issuer's ability to designate dividends and deemed dividends as eligible dividends.

Dividends received or deemed to be received on the Subordinate Voting Shares by a Canadian Holder that is a corporation will be required to be included in computing the corporation's income for the taxation year in which such dividends are received, but such dividends will generally be deductible in computing the corporation's taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Canadian Holder that is a corporation as proceeds of disposition or a capital gain. Canadian Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Canadian Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Subordinate Voting Shares to the extent that such dividends are deductible in computing the Canadian Holder's taxable income for the taxation year.

Dividends received by a Canadian Holder who is an individual (including certain trusts) may result in such Canadian Holder being liable for minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

A Canadian Holder may be subject to United States withholding tax on dividends received on the Subordinate Voting Shares (see "*Certain United States Federal Tax Considerations*"). Any United States withholding tax paid by or on behalf of a Canadian Holder in respect of dividends received on the Subordinate Voting Shares by a Canadian Holder may be eligible for foreign tax credit or deduction treatment where applicable under the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Dividends received on the Subordinate Voting Shares by a Canadian Holder may not be treated as income sourced in the United States for these purposes. Canadian Holders should consult their own tax advisors with respect to the availability of any foreign tax credits or deductions under the Tax Act in respect of any United States withholding tax applicable to dividends on the Subordinate Voting Shares.

Dispositions of Subordinate Voting Shares

Upon a disposition or deemed disposition of Subordinate Voting Shares, a capital gain (or loss) will generally be realized by a Canadian Holder to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of the Subordinate Voting Shares to the Canadian Holder immediately before the disposition and any reasonable costs of disposition. The adjusted cost base of a Subordinate Voting Share to a Canadian Holder will be determined in accordance with the Tax Act by averaging the cost to the Canadian Holder of a Subordinate Voting Share with the adjusted cost base of all other Subordinate Voting Shares held by the Canadian Holder as capital property. Such capital gain (or capital loss) will be subject to the treatment described below under "*Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

One-half of a capital gain (a "**taxable capital gain**") must be included in a Canadian Holder's income. One-half of a capital loss (an "**allowable capital loss**") will generally be deductible by a Canadian Holder against taxable capital gains realized in that year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or in any subsequent year (against taxable capital gains realized in such years) to the extent and under the circumstances described in the Tax Act. If the Canadian Holder is a corporation, any such capital loss realized on the sale of shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules apply to a partnership or certain trusts of which a corporation is a member or beneficiary. Taxable capital gains realized by a Canadian Holder who is an individual may give rise to alternative minimum tax depending on the Canadian Holder's circumstances. A ''Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income, including an amount in respect of a taxable capital gain arising from the disposition of a Subordinate Voting Share.

A Canadian Holder may be subject to United States tax on a gain realized on the disposition of a Subordinate Voting Share (see "*Certain United States Federal Tax Considerations*"). United States tax, if any, levied on any gain realized on a disposition of a Subordinate Voting Share may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Gains realized on the disposition of a Subordinate Voting Share by a Canadian Holder may not be treated as income sourced in the United States for these purposes. Canadian Holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regard to their own particular circumstances.

Non-Canadian Holders

This section of the summary applies to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not, and is not deemed to be, resident in Canada, and does not use or hold, and is not deemed to use or hold, the Subordinate Voting Shares in the course of carrying on a business in Canada (a "**Non-Canadian Holder**"). This section does not apply to an insurer who carries on an insurance business in Canada and elsewhere. Such Non-Canadian Holders should consult their own tax advisors.

Dividends on Subordinate Voting Shares

Dividends paid or credited or deemed to be paid or credited to a Non-Canadian Holder on the Subordinate Voting Shares will be subject to Canadian withholding tax. The Tax Act imposes withholding tax at a rate of 25% on the gross amount of the dividend, although such rate may be reduced by virtue of an applicable tax treaty. For example, under the Treaty, where dividends on the Subordinate Voting Shares are considered to be paid to a Non-Canadian Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to all of the benefits of, the Treaty, the applicable rate of Canadian withholding tax is generally reduced to 15%. The Resulting Issuer will be required to withhold the applicable withholding tax from any dividend and remit it to the Canadian government for the Non-Canadian Holder's account.

Dispositions of Subordinate Voting Shares

A Non-Canadian Holder who disposes of or is deemed to have disposed of a Subordinate Voting Share will not be subject to income tax under the Tax Act unless the Subordinate Voting Share is, or is deemed to be, "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Canadian Holder.

Generally, provided that the Subordinate Voting Shares are, at the time of disposition, listed on a "designated stock exchange" (which currently includes the CSE), the Subordinate Voting Shares will not constitute taxable Canadian property of a Non-Canadian Holder unless, at any time during the 60-month period immediately preceding the disposition the following two conditions were met: (i) 25% or more of the issued shares of any class or series of the capital stock of the Resulting Issuer were owned by one or any combination of (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder did not deal at arm's length (for the purposes of the Tax Act), and (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the Subordinate Voting Shares was derived, directly or indirectly, from one or any combination of: (a) real or immovable property situated in Canada, (b) Canadian resource property (as defined in the Tax Act), (c) timber resource property (as defined in the Tax Act) or (d) options in respect of, or interests in any of, the foregoing property, whether or not such property exists. Non-Canadian Holders for whom the Subordinate Voting n Shares are, or may be, taxable Canadian property should consult their own tax advisors.

In the event that a Subordinate Voting Share constitutes taxable Canadian property of a Non-Canadian Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act pursuant to an applicable income tax treaty or convention, the income tax consequences discussed above for Canadian Holders under "*Holders Resident in Canada - Dispositions of Subordinate Voting Shares*" will generally apply to the Non-Canadian Holder. Non-Canadian Holders should consult their own tax advisor in this regard.

Eligibility for Investment

Provided that the Subordinate Voting Shares are listed on a designated stock exchange within the meaning of the Tax Act (which currently includes the CSE), the Subordinate Voting Shares will be qualified investments for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account (each a ''**Registered Plan**") or a deferred profit sharing plan, each as defined in the Tax Act.

Notwithstanding the foregoing, the annuitant, holder or subscriber of a Registered Plan, as the case may be, (each, a "**Registered Holder**" and collectively, the "**Registered Holders**") will be subject to a penalty tax if the Subordinate Voting Shares held in a Registered Plan are a "prohibited investment" for the purpose of the Tax Act. The Subordinate Voting Shares will generally be a "prohibited investment" for a particular Registered Plan if a Registered Holder in respect thereof has a "significant interest" (as defined in the Tax Act) in the Resulting Issuer or does not deal at arm's length with the Resulting Issuer for the purposes of the Tax Act. The Subordinate Voting Shares will not be a prohibited investment if they are "excluded property" as defined in the Tax Act for trusts governed by a Registered Plan.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. Holders who intend to hold Subordinate Voting Shares in a Registered Plan should consult their own tax advisors having regard to their own particular circumstances.

24.3 Other Material Facts

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Resulting Issuer and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities.

25. ENFORCEMENT OF JUDGEMENTS

All of the Resulting Issuer's operations and assets will be located outside of Canada and each of its directors and officers, except Mr. Mulroney, reside outside of Canada. Accordingly, it may not be possible for investors to enforce against such person's judgements obtained in Canadian courts predicated on the civil liability provisions of applicable securities laws in Canada. Investors are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

26. FINANCIAL STATEMENTS

Please refer to Schedule "A" for Pubco's annual audited financial statements for the years ended August 31, 2018 and 2017.

Please refer to Schedule “C” for Acreage Holdings’ annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “E” for Acreage Holdings’ interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “H” for D&B Wellness LLC’s annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “J” for D&B Wellness LLC’s interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “L” for Prime Wellness of Connecticut, LLC’s annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “N” for Prime Wellness of Connecticut, LLC’s interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “P” for The Wellness & Pain Management Connection, LLC’s annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “R” for The Wellness & Pain Management Connection, LLC’s interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “T” for Prime Alternative Treatment Center Consulting, LLC’s annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “V” for Prime Alternative Treatment Center Consulting, LLC’s interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “G” for pro forma financial statements of the Resulting Issuer.

CERTIFICATE OF ACREAGE HOLDINGS

Pursuant to a resolution duly passed by its Members, High Street Capital Partners, LLC, hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to High Street Capital Partners, LLC. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at New York, New York

this 14th day of November, 2018.

"Kevin Murphy"
Kevin Murphy
Chief Executive Officer

"Glen Leibowitz"
Glen Leibowitz
Chief Financial Officer

HIGH STREET CAPITAL PARTNERS MANAGEMENT LLC, as managing member of HIGH STREET CAPITAL PARTNERS, LLC

By:

"Kevin Murphy"
Name: Kevin Murphy
Title: Managing Member

"Kevin Murphy"
Kevin Murphy
Promoter

CERTIFICATE OF ACREAGE HOLDINGS, INC.

The foregoing contains full, true and plain disclosure of all material information relating to Acreage Holdings, Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made relating to Acreage Holdings, Inc.

Dated at Toronto, Ontario

this 14th day of November, 2018.

"Michael Stein"	*"Gabriel Nachman"*
Michael Stein	Gabriel Nachman
President & Secretary	Chief Financial Officer
"Nicholas T. Hariton"	*"Barry Polisuk"*
Nicholas T. Hariton	Barry Polisuk
Director	Director

Schedule "A"

PUBCO'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

(see attached)

Applied Inventions Management Corp.

Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the Years Ended August 31, 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Applied Inventions Management Corp.

We have audited the accompanying consolidated financial statements of Applied Inventions Management Corp. and its subsidiaries, which comprise the consolidated balance sheets as at August 31, 2018 and August 31, 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended August 31, 2018 and August 31,2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Applied Inventions Management Corp. as at August 31, 2018 and August 31, 2017, and its financial performance and its cash flows for the years ended August 31, 2018 and August 31, 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes material uncertainties that may cast significant doubt about Applied Inventions Management Corp.'s ability to continue as a going concern.

Chartered Professional Accountants
Licensed Public Accountants
October 22, 2018, except Note 14, which is as of January 29, 2019
Toronto, Ontario

Applied Inventions Management Corp.
Consolidated Balance Sheets
(Expressed in Canadian Dollars)
As at August 31

		2018		2017
Assets				
Current				
Cash	**$**	**799**	$	599
Accounts receivable		**28,243**		–
	$	**29,042**	$	599
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 3)	**$**	**106,142**	$	94,693
Shareholder advances (Note 4)		**147,244**		89,056
Subordinate voting debenture (Note 5)		–		331,875
		253,386		515,624
Subordinate voting debenture (Note 5)		**304,348**		–
		557,734		515,624
Shareholders' Deficiency				
Capital stock (Note 6)		**2,520,946**		2,520,946
Contributed surplus		**806,381**		749,685
Warrant capital (Note 5 and 8)		**46,323**		46,323
Equity component of convertible debentures (Note)		**14,429**		68,108
Deficit		**(3,916,771)**		(3,900,087)
		(528,692)		(515,025)
	$	**29,042**	$	599

***Nature of Business and Going* Concern** *(Note 1)*

Subsequent Event *(Note 13)*

Approved by the Board **"Michael Stein"** Director **(Signed)** **" Gabriel Nachman"** Director **(Signed)**

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Years Ended August 31

		2018		2017
Expenses				
Accretion expense	**$**	**21,616**	$	71,972
Bank charges		**131**		215
Interest on debenture and shareholder advances (Notes 4, 5 and 10)		**48,801**		63,639
Gain on extinguishment of Subordinate voting debenture (Note 5)		**(120,631)**		–
Professional fees		**106,963**		51,554
Professional fees and expense recovery		**(43,213)**		–
Stock based compensation		**3,017**		–
Net Loss and comprehensive loss for the year	**$**	**16,684**	$	187,380
Loss per share				
Basic and diluted	**$**	**0.002**	$	0.058
Weighted average number of common shares outstanding				
Basic and diluted		**8,228,034**		3,216,607

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
Years Ended August 31,2018 and 2017

	Capltal Stock (Note 6)	Contributed Surplus	Warrant Capital	Equity Component of Convertible Debentures	Deficit	Total
Balance, September 1, 2016	**$ 2,192,923**	**$ 731,785**	**$ –**	**$ 128,048**	**$ (3,712,707)**	**$ (659,951)**
Net Loss and comprehensive loss	–	–	–	–	(187,380)	(187,380)
Settlement of debt with shareholder	–	17,900	–	–	–	17,900
Conversion of multiple voting debentures (Note 5)	**328,023**	–	46,323	(59,940)	–	314,406
Balance, August 31, 2017	**$ 2,520,946**	**$ 749,685**	**$ 46,323**	**$ 68,108**	**$ (3,900,087)**	**$ (515,025)**
Net Loss and comprehensive loss	–	–	–	–	**(16,684)**	**(16,684)**
Stock based compensation	–	**3,017**	–	–	–	**3,017**
Extinguishment of Subordinate voting debenture (Note 5)	–	**53,679**	–	**(53,679)**	–	–
Balance, August 31, 2018	**$ 2,520,946**	**$ 806,381**	**$ 46,323**	**$ 14,429**	**$ (3,916,771)**	**$ (528,692)**

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Years Ended August 31

		2018		2017
Cash provided by (used in)				
Operations				
Net loss and comprehensive loss	**$**	**(16,684)**	$	(187,380)
Items not affecting cash				
Interest accrued on debentures and shareholder advances		**48,801**		63,639
Shareholder payment of professional fees		**44,768**		10,494
Accretion expense		**21,616**		71,972
Gain on extinguishment of debenture		**(120,631)**		–
Stock based compensation		**3,017**		–
		(19,113)		(41,275)
Net changes in non-cash working capital				
Accounts receivable		**(28,243)**		–
Accounts payable and accrued liabilities		**46,356**		37,048
		(1,000)		(4,227)
Financing				
Shareholder advances		**1,200**		4,100
Net change In cash		**200**		(127)
Cash, beginning of year		**599**		726
Cash, end of year	**$**	**799**	$	599

See accompanying notes

1. NATURE OF BUSINESS AND GOING CONCERN

Applied Inventions Management Corp. (the "Company"), is incorporated under the laws of the Province of Ontario. The Company has no assets other than a minimal amount of cash. The Company carries on the business of identification and evaluation of assets or businesses with a view to completing a potential transaction.

The registered office of the Company is located at 1 Adelaide Street East Suite 801 Toronto, Ontario M5C 2V9.

While these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that may cast significant doubt on the Company's ability to continue as a going concern.

During the year ended August 31, 2018, the Company did not earn revenue, incurred a loss of $16,684 (2017 - $187,380) and, as of that date, the Company had an accumulated deficit of $3,916,771 (2017 - $3,900,087), a working capital deficiency of $224,344 (2017 - $515,025) and negative cash flows from operations of $1,000 (2017 - $4,227). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from related parties (Notes 4, 5 and 10) and the Company's ability to raise additional funds through the issuance of shares or debt.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS and their interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ending August 31, 2018 were approved and authorized for issue by the Board of Directors on October 22, 2018, except Note 14, which is as of January 29, 2019.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Applied Inventions Management Corporation U.S.A. and Tour Technologies. The two subsidiaries are inactive.

Functional and Presentation Currency

These consolidated financial statements have been presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

Financial Instruments

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate and multiple voting debentures. Classification of these financial instruments is as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Shareholder advances	Other financial liabilities
Subordinate and multiple voting debentures	Other financial liabilities

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fairvalue hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the consolidated balance sheet consist of cash.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Compound Financial Instruments

Compound financial instruments include subordinate and multiple voting convertible debentures, which are comprised of two components, the debt component and the conversion feature, which is considered equity. The debt component of the instrument is initially recognized at fair value, with the residual being allocated to the conversion feature, classified as equity. Transaction costs are allocated between the debt component and the conversion feature on a pro rata basis.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Upon conversion of the subordinate voting and multiple voting convertible debenture the value of the equity component is reallocated to Class "A" and Class "B" shares. Upon expiry or extinguishment of the conversion feature or repayment of the debenture, the equity component is reallocated to contributed surplus.

Debt Modification

From time to time, the Company pursues amendments to its credit agreements based on prevailing market conditions. Such amendments, when completed, are considered by the Company to be debt modifications or extinguishments. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are considered to be substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability and amortized over the remaining term of the liability. If the modification is substantially different then the transaction is accounted for as an extinguishment of the old debt instrument with a gain/loss to the carrying amount of the liability being recorded in the consolidated statements of operations immediately. Also, the transaction costs related to the debt extinguishment are recorded in the profit and loss accounts.

Loss Per Share

The Company presents basic and diluted loss per share data for its shares, calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of shares. If the number of shares outstanding increases or decreases as a result of share split or consolidation, the calculation of basic and diluted loss per share for all periods presented, is adjusted retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not record that excess.

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The significant estimates made by management in the preparation of these consolidated financial statements is the inputs used in the valuation of the warrants related to the units attached to the multiple voting debentures during the year. The significant judgments made by management in the preparation of these consolidated financial statements are fair value of the liability component related to the subordinate voting debenture and multiple voting debenture and the assumption that the Company will continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent Accounting Pronouncements

The International Accounting Standards Board ("IASB") issued a number of new and revised standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after September 1, 2018. Many are not applicable or do not have a significant impact on the Company and so have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9, Financial Instruments was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is required for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

IFRS 16, Leases, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2018		2017
Trade payables	**$**	**32,273**	$	24,051
Debenture interest		**26,029**		45,995
Accrued liabilities:				
Legal		**37,515**		14,647
Audit and accounting		**10,325**		10,000
	$	**106,142**	$	94,693

4. SHAREHOLDER ADVANCES

Shareholder advances, principal plus accrued interest, include advances made by the current controlling shareholder who is also a director and officer of the Company since September 1, 2009. The advances bear interest at the rate of 10% per annum calculated monthly, are secured by a general security agreement and are due on demand.

5. DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645, 154 of indebtedness owing to the controlling shareholder, who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343, 154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principal amounts outstanding are due on April 27, 2018, the maturity date.

The secured subordinate voting debenture and the multiple voting debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68, 108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260, Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants (Note 8).

5. DEBENTURES (Cont'd)

On May 28, 2018 Subordinate Voting Debenture date was extended to October 27, 2020, on the same terms and conditions. The extension represents an extinguishment of the debenture. As such the new debt instrument was recorded at fair value on the amendment date.

	Original Subordinate Voting Debenture	Amended Subordinate Voting Debenture
Principal value of debentures issued	$ 343,154	$ 414,642
Gain on settlement of debenture	–	(120,631)
Equity component from original	–	68,108
Equity component	(68,108)	(14,429)
Loss on equity component	–	(531679)
Liability component at date of issue	275,046	294,011
Accretion	56,829	–
Liability component at August 31, 2017	**331,875**	**–**
Accretion	**11,279**	**10,337**
Settlement of debenture	**(343,154)**	–
Liability component at August 31, 2018	**$ –**	**$ 304,348**

The fair value of the debt component upon amendment was $294,012, based on a market rate of borrowing of 25.79%. This resulted in a gain on extinguishment of $120,631. The fair value of the equity component upon amendment was $14,429 based on the Black Scholes option pricing model with the following assumptions: Share price $0.01, dividend yield 0%, expected volatility (based on comparables) 100%, a risk tree interest rate of 1% and an expected life of 2 years.

6. CAPITAL STOCK

a) Authorized:

unlimited	Class "A" subordinate voting convertible shares, convertible into an equal number of Class “B” shares at the option of the holder upon an offer to purchase all or substantially all of the Class "B" shares of the Company;
unlimited	Class "B" multiple voting (20 votes per share) convertible shares, convertible into an equal number of Class “A” shares at the option of the holder;
unlimited	Class "C" preference shares, non-voting, redeemable at the option of the holder, convertible into an equal number of Class “A” shares at the option of the holder.

b) Issued and outstanding:

	Number of Class “A” Shares	Amount	Number of Class “B” Shares	Amount
Balance, August 31, 2016	388,435	$ 1,106,187	1,139,339	$ 1,086,736
Issuance of Class "B" shares (Note 5)	–	–	6,700,260	328,023
Balance, August 31, 2017 and 2018	**388,435**	**$ 1,106,187**	**7,839,599**	**$ 1,414,759**

7. STOCK OPTION PLAN

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "A" Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class “A” shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021.

On October 27, 2017, the Company granted 600,000 options to its directors. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on October 27, 2022.

See Note 13.

7. STOCK OPTION PLAN (Cont'd)

The following summarizes the stock options outstanding for the year ended August 31, 2018:

	2018		2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**150,000**	**$ 0.05**	150,000	$ 0.05
Issued	**600,000**	**$ 0.05**	–	$ Nil
Ending balance	**750,000**	**$ 0.05**	150,000	$ 0.05
Exercisable	**750,000**	**$ 0.05**	150,000	$ 0.05

The Company had the following options issued at August 31, 2018:

Number of Options	**Exercisable**		**Exercise Price**	**Weighted Average Time to Maturity**
150,000	150,000	$	0.05	2.66 years
600,000	600,000	$	0.05	4.16 years
750 000	**750,000**			

The fair value of the options granted during the year ended August 31, 2018 was $3,017, estimated at the time of the grant using the Black-Scholes option pricing model with the following weighted average inputs and assumptions:

	2016
Exercise price	**$ 0.05**
Expected volatility	**100%**
Risk-free interest rate	**1.00%**
Expected life	**5.0 Years**
Estimated share price	**$ 0.01**

The expected volatility and estimated share price of the options is based on comparable companies in the industry.

8. WARRANT CAPITAL

The following summarizes the warrants issued during the year ended August 31, 2018:

	2018		2017	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Beginning balance	**6,700,260**	**$ 0.06**	—	$ Nil
Issued (Note 5)	**—**	**$ Nil**	6,700,260	$ 0.06
Ending balance	**6,700,260**	**$ 0.06**	6,700,260	$ 0.06

The Company had the following warrants issued at August 31, 2018:

Number of Warrants	**Exercise Price**	**Weighted Average Time to Maturity**
6,700,260	$ 0.06	0.75 years

See Note 13.

9. INCOME TAXES

Provision for Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.50% (2017 - 26.50%) to the net loss and comprehensive loss for the period. The reason for the difference is as follows:

		2018		2017
Loss before income taxes	**$**	**(16,684)**	$	(187,380)
Statutory rate		**26.50%**		26.50%
Expected income tax recovery	**$**	**(4,421)**	$	(49,656)
Increase (decrease) resulting from:				
Non-deductible stock based compensation		**800**		–
Non-deductible accretion expense		**5,728**		–
Non-taxable gain on debt extinguishment		**(31,967)**		–
Change in deferred tax assets not recognized		**29.860**		49,656
Income tax exeense	**$**	**–**	$	–

9. INCOME TAXES (Cont'd)

The Company's deferred income tax assets are estimated as follows:

		2018		2017
Deferred income tax assets				
Non-capital losses	**$**	**195,570**	$	165,734
Less: Deferred tax assets not recognized		**(195,570)**		(165,734)
Net deferred income tax asset	**$**	–	$	–

Losses Carried Forward

As at August 31, 2018, the Company has non-capital losses for income tax purposes of approximately $738,000 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2026	$	6,000
2028		5,000
2030		1,000
2031		56,000
2032		55,000
2033		39,000
2034		62,000
2035		57,000
2036		157,000
2037		187,000
2038		113,000
	$	**738,000**

1O. RELATED PARTY TRANSACTIONS

(a) The interest expense of $48,801 (2017 - $63,639) is for the current controlling shareholder who is also a director and officer of the Company. Interest expense of $12,220 (2017 - $6,674) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $36,581 (2017 - $56,965) is interest accrued on the outstanding subordinate and multiple voting debentures.

(b) As at August 31, 2018 the Company has shareholder loans due to the current controlling shareholder who is also an officer and director of the Company, consisting of a $147,244 (2017 - $89,056) advance bearing interest at 10% per annum, secured by a general security agreement.

(c) On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE (Note 5).

10. RELATED PARTY TRANSACTIONS (Cont'd)

(d) On May 30, 2017 WFE a company controlled by the controlling shareholder of the Company converted a secured multiple voting debenture into 6,700,260, Multiple Voting Units, at $0.05 per Unit comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants totaling $374,346, of which $46,323 was allocated to the share purchase warrants.

The conversion was accounted for as the elimination of the multiple voting debenture liability with a transfer of the recorded liability and the equity component of the debenture to capital stock.

(e) Included in accounts payable and accrued liabilities is $6,030 (2017 - $16,030) related to expense reimbursement (2017 - consulting fees) owed to an officer, director and current controlling shareholder.

(f) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him, or a company controlled by the controlling shareholder. This amount was recorded as a direct increase in contributed surplus.

11. CAPITAL RISK MANAGEMENT

The Company considers capital stock, contributed surplus and deficit to represent capital. As at August 31, 2018 and 2017, the Company has a shareholders' deficiency and management's objective is to maintain its ability to continue as a going concern (Note 1).

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the years ended August 31, 2018 and 2017.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. The Company's financial instruments comprised of cash, accounts payable and accrued liabilities, shareholder advances and subordinate and multiple voting debentures, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks. The Company is not exposed to significant interest risk as the interest rates on the shareholder advances and subordinate voting debenture are fixed.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS (Cont'd)

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2018, the Company has current liabilities of $253,386 (2017 - $515,624) and no significant assets other than a cash balance of $799 (2017 - $599) and accounts receivable of $28,243 (2017 - $NIL). As a result, the Company is dependent on obtaining additional financing to meet its current obligations. The Company's accounts payable outstanding for over 90 days amount to $NIL (2017 - $19,224).

13. SUBSEQUENT EVENTS

Subsequent to the year end:

(a) Directors of the Company exercised their stock options and purchased 750,000 Class “A” Subordinate voting shares at $0.05 per share.

(b) WFE Investments Corp. exercised 2,300,000 Class “A” Subordinate Voting shares at $0.06 per warrant and the balance of 4,400,260 Class “A” share purchase warrants were cancelled.

(c) The controlling shareholder converted $115,000 of the secured Class "A" Subordinate Voting Convertible debenture into 2,300,000 Class “A” Subordinate Voting Units. Each Unit is comprised of one Class "A” Subordinate Voting Share and one Class "A" Subordinate Voting Share purchase warrant exercisable at $0.06 per warrant for up to 2 years from date of conversion. The balance of $299,642 and accrued interest has been forgiven and the 2,300,000 Class "A" Subordinate Voting Share purchase warrants have been cancelled.

14. COMBINATION AGREEMENT

On September 21, 2018, the Company and High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("Acreage Holdings") entered into a definitive business combination agreement (the "Combination Agreement") pursuant to which Acreage Holdings will complete a reverse take-over of the Company (the "Proposed Transaction") and the securityholders of Acreage Holdings will hold substantially all of the outstanding securities of the Company following the Proposed Transaction (the "Resulting Issuer").

Pursuant to the Combination Agreement, the Company will continue from the Province of Ontario into the Province of British Columbia and will: (i) subdivide its existing Class "B" multiple voting shares (the “Class “B” Multiple Voting Shares”) on the basis of one and one-half (1.5) Class “B” Multiple Voting Shares for each Class “B” Multiple Voting Share issued and outstanding immediately prior thereto; (ii) consolidate its issued and outstanding Class "A" subordinate voting shares ("Applied Class "A" Subordinate Voting Shares) such that Acreage Holdings units are ultimately exchanged on a 1:1 basis for Resulting Issuer subordinated voting shares pursuant to the Proposed Transaction (the “Consolidation"); (iii) approve the adoption of Articles under the Business Corporations Act (British Columbia) which will effect the amendment of the Company's existing Articles; (iv) change its name to Acreage Holdings Inc.; (v) approve a new equity compensation plan; and (vi) change its financial year end to December 31.

The Proposed Transaction is expected to close in November of 2018 and is subject to the conditions set out in the Combination Agreement, including obtaining the requisite approval of Acreage Holdings and the Company's shareholders.

An application has been made to list the Resulting Issuer's subordinate voting shares on the Canadian Securities Exchange (the "Exchange") upon completion of the Proposed Transaction. The listing will be subject to satisfying all of the Exchange's initial listing requirements.

On November 14, 2018, the Proposed Transaction was completed.

Schedule "B"

PUBCO'S MD&A FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

(see attached)

APPLIED INVENTIONS MANAGEMENT CORP.

Management Discussion and Analysis of Financial Conditions and Results of

Operations for the fiscal years ended August 31, 2018 & 2017

This Management Discussion and Analysis (M. D. & A.) should be read in conjunction with Applied Inventions Management Corp.'s (the "Company") consolidated annual audited financial statements and the accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canada. All monetary amounts are expressed in Canadian dollars. Additional information regarding the Company is available on the SEDAR website at www.sedar.com

FORWARD - LOOKING INFORMATION

The M. D. & A. and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

DATE OF M. D. & A.

This M. D. & A. was prepared on October 22, 2018.

GENERAL OVERVIEW

A cease trade order ("CTO") was imposed on the Company by the Ontario Securities Commission on February 20, 2001for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three month period ended November 30, 2000. These consolidated financial statements were subsequently filed on SEDAR by the Company.

On August 27, 2011 the Ontario Securities Commission issued a Revocation Order of the CTO. The Company is now seeking to complete a transaction that would allow the reinstatement of trading privileges on a recognized stock exchange.

Prior to 2002, the Company manufactured, marketed and distributed the SAVE swimming pool intrusion alarm.

The Company is in the process of reorganizing its affairs.

SELECTED ANNUAL INFORMATION

For the years ended August 31st	**2017**	**2018**
Sales	$Nil	$ Nil
Net Loss and Comprehensive Loss	($187,380)	($16,684)
Loss per share	($0.058)	($0.002)
Total Assets	$599	$29,042
Current Liabilities	$515,624	$253,386
Total Long Term Debt	$ Nil	$304,348
Cash Dividends	$ Nil	$ Nil
Deficit	($3,900,087)	($3,916,771)

RESULTS OF OPERATION AND QUARTERLY RESULTS

Applied Inventions Management Corp. has incurred administrative costs,professional fees and consulting fees associated with preparing and filing annual audited consolidated financial statements, unaudited interim consolidated financial statements and all other regulatory filing requirements and has continued to accrue interest on its secured demand Debenture payable and its interest bearing shareholder loan.Professional fees incurred for the year August 31,2018 were $106,963 (August 31, 2017 - $51,554). Interest accrued on the secured demand Debenture and shareholder advances was $48,801(August 31,2017 - $63,639). Bank charges were $131 during the year ended August 31,2018 (August 31,2017 - $215).

	Aug 31 2018 Q4	May 31 2018 Q3	Feb 28 2018 Q2	Nov 30 2017 Q1	Aug 31 2017 Q4	May 31 2017 Q3	Feb 28 2017 Q2	Nov 30 2016 Q1
Total Revenue	$NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL
Gain / (Net Loss) and comprehensive loss	$53,093	($20,406)	($32,184)	($17,187)	($19,039)	($41,246)	($90,622)	($36 473)
Gain / (Net Loss) per Share	$0.006	($0.002)	($0.004)	($0.002)	($0.002)	($0.026)	($0.059)	($0.024)
Weighted average shares outstanding	8,228 034	8,228,034	8,228,034	8,228 034	8 228,034	1,527,774	1,527,774	1,527,774

LIQUIDITY

The Company has been dependent upon one of its shareholders who is an officer and director of the Company, to provide financing for ongoing administrative expenses and for costs of re-organizing the affairs of the Company. The shareholder, who is an officer and director of the Company, has indicated that he will continue to fund costs anticipated to be approximately $15,000 per annum. However, if the shareholder decides not to fund the ongoing costs, the Company will have to attempt to raise monies to fund ongoing operations from an alternative source. There is no assurance that the Company will be able to raise the required monies at competitive rates to continue operations.

As at August 31,2018 the Shareholder advances payable, which is owing to a principal shareholder who is a director and officer of the Company, was $147,244 (August 31,2017- $89,056) including accumulated interest advanced to the Company by the same Shareholder and bears interest at 10% per annum and is secured by a General Security Agreement.

FINANCIAL INSTRUMENTS

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate and multiple voting debentures. Classification of these financial instruments is as follows:

Financial Instrument	**Classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Shareholder advances	Other financial liabilities
Subordinate and multiple voting debentures	Other financial liabilities

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in makingthe measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the consolidated balance sheet consist of cash.

FINANCIAL RISK MANAGEMENT- LIQUIDITY RISK

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. It is management's opinion that the Company is not exposed to significant interest and currency risk.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2018 the Company had current liabilities of $253,386 (August 31, 2017 - $515,624) and assets of $29,042 (August 31, 2017 - $599). As a result, the Company has liquidity risk and is dependent on obtaining additional financing to meet its current obligations.

CAPITAL RISK MANAGEMENT

The Company considers capital stock and deficit to represent capital. As at August 31, 2018 and August 31, 2017 the Company has a negative capital balance and management's objective is to maintain its ability to continue as a going concern by identifying sources for additional financing for working capital and to fund the development of a business.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year August 31, 2018 and August 31, 2017.

OFF BALANCE SHEET ACTIVITIES

As at August 31, 2018 and 2017, the Company had no off balance sheet financial commitments and does not anticipate entering into any contracts of such nature.

DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder, who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principal amounts outstanding are due on April 27, 2018,the maturity date.

The secured subordinate voting debenture and the multiple voting debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260, Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants.

On May 28, 2018 Subordinate Voting Debenture date was extended to October 27, 2020, on the same terms and conditions. The extension represents an extinguishment of the debenture. As such the new instrument was recorded at fair market value on the amendment date.

		Original Subordinate Voting Debenture		Amended Subordinate Voting Debenture
Principal value of debentures issued	$	343,154	$	414,642
Gain on settlement of debenture		–		(120,631)
Equity component from original		–		68,108
Equity component		(68,108)		(14,429)
Loss on equity component		–		(53,679)
Liability component at date of issue		275,046		294,011
Accretion		56,829		–
Liability component at August 31, 2017	**$**	**331,875**	**$**	**–**
Accretion		**11,279**		**10,337**
Settlement of debenture		**(343,154)**		**–**
Liability component at August 31, 2018	**$**	**–**	**$**	**304,348**

The fair value of the debt component upon amendment was $294,012, based on a market rate of borrowing of 25.79%. This resulted in a gain on extinguishment of $120,631. The fair value of the equity component

upon amendment was $14,429 based on the Black Scholes option pncmg model with the following assumptions: Share price $0.01,dividend yield 0%, expected volatility (based on comparables) 100%,a risk tree interest rate of 1% and an expected life of 2 years.

RELATED PARTY TRANSACTIONS

Transactions with related parties are listed below and incurred in the normal course of business and are measured at the exchange amount:

(a) The interest expense of $48,801(2017 - $63,639) is for the current controlling shareholder who is also a director and officer of the Company. Interest expense of $12,220 (2017 - $6,674) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $36,581 (2017 - $56,965) is interest accrued on the outstanding subordinate and multiple voting debentures.

(b) As at August 31, 2018 the Company has shareholder loans due to the current controlling shareholder who is also an officer and director of the Company, consisting of a $147,244 (2017 - $89,056) advance bearing interest at 10% per annum,secured by a general security agreement.

(c) On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company,and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE .

(d) On May 30,2017 WFE a company controlled by the controlling shareholder of the Company converted a secured multiple voting debenture into 6,700,260,Multiple Voting Units,at $0.05 per Unit comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants totaling $374,346, of which $46,323 was allocated to the share purchase warrants.

The conversion was accounted for as the elimination of the multiple voting debenture liability with a transfer of the recorded liability and the equity component of the debenture to capital stock.

(e) Included in accounts payable and accrued liabilities is $6,030 (2017 - $16,030) related to expense reimbursement (2017 -consulting fees) owed to an officer, director and current controlling shareholder.

(f) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him, or a company controlled by the controlling shareholder. This amount was recorded as a direct increase in contributed surplus.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certainestimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions,based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's asset, liabilities,equity or earnings. There have been no judgments made by management in the application of IFRS that have a significant effect on the financial statements for the year ended August 31,2018 and 2017. Actual results could differ from those estimates.

CONTROLS AND PROCEDURES

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity,are effective in providing reasonable assurances that financial information is recorded, processed,summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

OUTSTANDI NG SHARE DATA

Common Shares

As at August 31, 2018 the Company had 388,435 (August 31, 2017 - 388,435) Class "A" Subordinate Voting Shares and 7,839,599 (August 31,2017 -7,839,599) Class "B" Multiple Voting Shares issued and outstanding.

On May 30, 2017 the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260 Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700.260 Class "A" detachable shares purchase warrants.

Stock Options and share purchase warrants

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "AH Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class "A" shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting,have an exercise price of $0.05 per share and expire on April 29, 2021

On October 27, 2017, the Company granted 600,000 options to its directors. The options were fully vested at the date of granting,have an exercise price of $0.05 per share and expire on October 27,2022.

On May 30, 2017 6,700,200 Class "A" detachable share purchase warrants were issued. Each warrant shall entitle the holder to acquire one Class "A" subordinate voting share at $0.06 per share until two years from date of issue, which was extended to October 27, 2020 on the same terms and conditions (see Debentures above).

SUBSQUENT EVENTS

Subsequent to the year end:

(a) Directors of the Company exercised their stock options and purchased 750,000 Class "A" Subordinate voting shares at $0.05 per share.
(b) WFE Investments Corp. exercised 2,300,000 Class "A" Subordinate Voting shares at $0.06 per warrant and the balance of 4,400,260 Class "A" share purchase warrants were cancelled.
(c) The controlling shareholder converted $115,000 of the secured Class "A" Subordinate Voting Convertible debenture into 2,300,000 Class "A" Subordinate Voting Units. Each Unit is comprised of one Class "A" Subordinate Voting Share and one Class "A" Subordinate Voting Share purchase warrant exercisable at $0.06 per warrant for up to 2 years from date of conversion. The balance of $299,642 and accrued interest has been forgiven and the 2,300,000 Class "A" Subordinate Voting Share purchase warrants have been cancelled.

COMBINATION AGREEMENT

On September 21, 2018, the Company and High Street Capital Partners,LLC (d/b/a Acreage Holdings) ("Acreage Holdings") entered into a definitive business combination agreement (the "Combination Agreement") pursuant to which Acreage Holdings will complete a reverse take-over of the Company (the " Proposed Transaction") and the securityholders of Acreage Holdings will hold substantially all of the outstanding securities of the Company following the Proposed Transaction (the "Resulting Issuer").

Pursuant to the Combination Agreement, the Company will continue from the Province of Ontario into the Province of British Columbia and will: (i) subdivide its existing Class "B" multiple voting shares (the "Class B Multiple Voting Shares") on the basis of one and one-half (1.5) Class "B" Multiple Voting Shares for each Class

"B" Multiple Voting Share issued and outstanding immediately prior thereto; (ii) consolidate its issued and outstanding Class "A" subordinate voting shares ("Applied Class "A" Subordinate Voting Shares") such that Acreage Holdings units are ultimately exchanged on a 1:1basis for Resulting Issuer subordinated votingshares pursuant to the Proposed Transaction (the "Consolidation"); (iii) approve the adoption of Articles under the Business Corporations Act (British Columbia) which will effect the amendment of the Company's existing Articles; (iv) change its name to Acreage Holdings Inc.;(v) approve a new equity compensation plan;and (vi) change its financial year end to December 31.

The Proposed Transaction is expected to close in November of 2018 and is subject to the conditions set out in the Combination Agreement, including obtaining the requisite approval of Acreage Holdings' and the Company's shareholders.

An application has been made to list the Resulting Issuer'ssubordinate votingshares on the Canadian Securities Exchange (the "Exchange") upon completion of the Proposed Transaction. The listing will be subject to satisfying all of the Exchange's initial listing requirements.

OFFICERS AND DIRECTORS

As at August 31,2018 the officers and directors of the Company include:

Michael Stein	- President and Director
Gabriel Nachman FCPA, FCA	- Acting CFO, Director and Chair of Audit Committee
Nicholas Hariton	- Director
Barry Polisuk	- Director

ADDITIONAL INFORMATION

Additional information relating to the Company is available:

- On the Internet at the SEDAR website at www.sedar.com or,
- By contacting Michael Stein at 416-816-9690

Schedule "C"

ACREAGE HOLDINGS' AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016
(In United States Dollars)

ACREAGE HOLDINGS
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To the Members of High Street Capital Partners, LLC:

The accompanying consolidated financial statements and other financial information in this annual report were prepared by management of High Street Capital Partners, LLC d/b/a Acreage Holdings ("Acreage" or the "Company"), reviewed by the Audit Committee and approved by the Board of Directors.

Management is responsible for the consolidated financial statements and believes that they fairly present the Company's financial condition and results of operations in conformity with International Financial Reporting Standards. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

These financial statements have been audited by the Company's auditors, Macias Gini & O'Connell LLP, and their report is presented herein.

"Kevin Murphy"
Chief Executive Officer

"Glen Leibowitz"
Chief Financial Officer

November 9, 2018

Independent Auditor's Report

To the Members of High Street Capital Partners, LLC

We have audited the accompanying consolidated financial statements of High Street Capital Partners, LLC d/b/a Acreage Holdings, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of operations, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Macias Gini & O'Connell LLP
3000 S Street, Suite 300
Sacramento, CA 95816

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of High Street Capital Partners, LLC d/b/a Acreage Holdings as at December 31, 2017 and 2016, and the consolidated statements of operations, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Sacramento, CA

November 9, 2018

ACREAGE HOLDINGS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in $000's USD)	Note	December 31, 2017	2016
ASSETS			
Cash		$ 16,231	$ 5,296
Restricted cash	3	269	–
Inventory		463	308
Other current assets		515	–
Total current assets		17,478	5,604
Investments	6	33,748	19,805
Promissory notes receivable	7	6,987	2,781
Capital assets, net	8	11,039	642
Intangible asset	5	800	–
Goodwill	5	2,191	2,191
Other non-current assets		766	463
Total non-current assets		55,531	25,882
TOTAL ASSETS		$ 73,009	$ 31,486
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 7,802	$ 582
Taxes payable	14	1,114	409
Interest payable	9	143	–
Current portion of debt	9	20	19
Other current liabilities		917	880
Total current liabilities		9,996	1,890
Debt	9	27,598	531
Derivative liabilities	9	2,897	–
Other liabilities		1,975	124
Total non-current liabilities		32,470	655
TOTAL LIABILITIES		$ 42,466	$ 2,545
Members' equity	10	$ 20,133	$ 24,379
Non-controlling interests		10,410	4,562
TOTAL MEMBERS' EQUITY		$ 30,543	$ 28,941
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 73,009	$ 31,486

Nature of operations (Note 1)
Commitments and contingencies (Note 11)
Subsequent events (Note 15)

Approved on behalf of Management on November 9, 2018

"Kevin Murphy"
Chief Executive Officer

"Glen Leibowitz"
Chief Financial Officer

See accompanying notes to consolidated financial statements

ACREAGE HOLDINGS
CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in $000's USD)	Note	Year ended December 31, 2017	2016
Revenues, net		$ 7,743	$ 3,771
Less: cost of goods sold		(4,767)	(2,608)
Gross profit		2,976	1,163
OPERATING EXPENSES			
General and administrative		5,001	1,600
Compensation expense		4,790	1,313
Marketing		212	144
Depreciation and amortization	8	20	37
Total operating expenses		10,023	3,094
Net operating loss		$ (7,047)	$ (1,931)
Income (loss) from investments, net	6	2,313	(223)
Interest income	7	330	160
Interest expense	9	(1,465)	–
Change in fair market value of derivative liabilities		215	–
Other loss, net		(1,156)	(5)
Total other income (loss)		237	(68)
Net loss before income taxes		$ (6,810)	$ (1,999)
Income tax expense	13	(806)	(409)
Net loss		$ (7,616)	$ (2,408)
Less: net loss attributable to non-controlling interests		(613)	(462)
Net loss attributable to members of the parent		$ (7,003)	$ (1,946)

See accompanying notes to consolidated financial statements

ACREAGE HOLDINGS
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

(Expressed in $000's USD)	Attributable to members of the parent						
	Membership Units	Contributed Capital	PIK Units Reserve	Accumulated Deficit	Total Members Equity	Non-controlling interests	Total Equity
Balance as at December 31, 2015	27,775,000	$ 14,716	$ –	$ (372)	$ 14,344	$ –	$ 14,344
Issuance of Class A units for cash, net	11,575,000	11,331	–	–	11,331	–	11,331
Issuance of Class A units for in-kind contributions	650,000	650	–	–	650	–	650
Increase in non-controlling interests from business acquisitions	–	–	–	–	–	265	265
Capital contributions, net	–	–	–	–	–	4,759	4,759
Net loss	–	–	–	(1,946)	(1,946)	(462)	(2,408)
Balance as at December 31, 2016	40,000,000	$ 26,697	$ –	$ (2,318)	$ 24,379	$ 4,562	$ 28,941
Issuance of Class C units for in-kind contributions	6,000,000	630	–	–	630	–	630
Issuance of Class C profits interests	3,250,000	1,522	–	–	1,522	–	1,522
Interest expense settled with PIK Class A units	100,329	485	120	–	605	–	605
Capital contributions, net	–	–	–	–	–	6,461	6,461
Net loss	–	–	–	(7,003)	(7,003)	(613)	(7,616)
Balance as at December 31, 2017	49,350,329	$ 29,334	$ 120	$ (9,321)	$ 20,133	$ 10,410	$ 30,543

See accompanying notes to consolidated financial statements

ACREAGE HOLDINGS
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in $000's USD)	Year ended December 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (7,616)	$ (2,408)
Adjustments for:		
Depreciation and amortization	20	37
Equity-based compensation expense	1,837	–
Change in fair market value of derivative liabilities	(215)	–
Non-cash interest expense	987	–
Non-cash (income) loss from investments, net	(2,162)	285
Collection of interest	72	7
Change in restricted cash	(269)	
Other	4	1
Change, net of acquisitions in:		
Inventory	(155)	(138)
Other assets	(503)	137
Interest receivable	(330)	(160)
Accounts payable and accrued liabilities	1,503	389
Taxes payable	705	409
Interest payable	143	–
Other liabilities	37	66
Net cash used in operating activities	$ (5,942)	$ (1,375)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of capital assets	$ (4,704)	$ (62)
Investments in promissory notes receivable	(3,823)	(2,628)
Collection of promissory notes receivable	–	50
Cash paid for investments	(10,985)	(11,387)
Purchase of intangibles	(200)	–
Distributions from investments	330	1,297
Business acquisition, net of cash acquired	–	(703)
Net cash used in investing activities	$ (19,382)	$ (13,433)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of membership units, net	$ –	$ 11,331
Proceeds from convertible note, net of deferred costs	29,817	–
Capital contributions - non-controlling interests, net	6,461	4,759
Repayment of loan	(19)	–
Net cash provided by financing activities	$ 36,259	$ 16,090
Net increase in cash	$ 10,935	$ 1,282
Cash - Beginning of year	5,296	4,014
Cash - End of year	$ 16,231	$ 5,296
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 335	$ –
Income taxes paid	101	–
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital assets not yet paid for	$ 5,717	$ 574

See accompanying notes to consolidated financial statements

1. NATURE OF OPERATIONS

Acreage Holdings (the "Company" or "Acreage") was formed on April 29, 2014 and is a Delaware limited liability company under the legal name of High Street Capital Partners, LLC. The Company offers financial and operational support to its subsidiaries and investees. As at December 31, 2017, the Company held investments in cultivation facilities, dispensaries and other cannabis related companies across 11 states.

The Company's corporate office and principal place of business is located at 366 Madison Avenue, New York, New York in the United States of America. Its operations officially commenced on January 1, 2015, when certain investments were contributed into Acreage in exchange for membership units by its founding member. Directors and officers of the Company control 49% and 50% of the voting units of the Company as at December 31, 2017 and 2016, respectively.

The Company is managed by High Street Capital Partners Management, LLC ("HSCPM" or "Manager"). HSCPM was formed on April 9, 2014 and is a Delaware limited liability company. As the sole manager, HSCPM has the authority to make key decisions on behalf of the Company. HSCPM also incurs certain operating expenses on behalf of Acreage, such as rent and payroll, for which it is reimbursed in accordance with the management agreement. The entity is 100% owned by the founding members of Acreage.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in these consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

Basis of measurement
These financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value and investments recorded using the equity method of accounting.

Functional and presentation currency
The financial statements and the accompanying notes are expressed in United States ("U.S.") Dollars.

Basis of consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and expose itself to the variable returns from the entity's activities. The consolidated financial statements include the results of subsidiaries' operations from the date that control commences until the date that control ceases. The Company's subsidiaries and ownership interests are as follows:

Business Name	Entity Type	State of Operations	2017 Ownership %	2016 Ownership %
Cannabliss:				
22nd & Burn, Inc.	Dispensary	OR	70%	70%
East 11th, Inc.	Dispensary	OR	65%	65%
The Firestation 23, Inc.	Dispensary	OR	65%	65%
HSCP Oregon, LLC	Dispensary / Cultivation license	OR	49%	49%
HSC Solutions, LLC	Investment company	NY	100%	100%
Florida Wellness, LLC ("FLW")	Investment company	FL	44%	46%
Impire State Holdings, LLC ("Impire")	Investment company	NY	80%	80%
Prime Wellness of Pennsylvania, LLC ("PWPA")	Cultivation facility	PA	50%	50%
MA RMD SVCS, LLC	Management company	MA	51%	—%
Maryland Medicinal Research & Caring, LLC ("MMRC")	Dispensary	MD	80%	—%

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated. Unrealized losses are eliminated to the extent of the gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest
Non-controlling interest is shown as a component of total members' equity on the Consolidated Statements of Financial Position, and the share of income (loss) attributable to non-controlling interest is shown as a component of net income (loss) in the Consolidated Statements of Operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash and cash equivalents
The Company defines cash equivalents as highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less. As at December 31, 2017 and 2016, the Company did not have any material cash equivalents on hand.

Restricted cash
Restricted cash primarily includes construction deposits in escrow.

Inventory
Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. The inventory consists of all finished goods. Management has determined that a reserve for slow moving and obsolete inventory is not required as at December 31, 2017 and 2016.

Financial instruments
The Company early-adopted IFRS 9 - Financial Instruments ("IFRS 9"), which replaced IAS 39 - Financial Instruments: Recognition and Measurement. The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL") and fair value through other comprehensive income. The Company's financial assets are measured at amortized cost or FVTPL.

The Company determines classification of financial assets at initial recognition. The Company's accounting policy in respect to its financial instruments is as follows:

(i) Financial assets are classified and measured at FVTPL unless they meet the following criteria for amortized cost:
- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities - non-derivative financial liabilities are measured at amortized cost unless they have been designated as FVTPL. Derivative liabilities are initially measured at FVTPL, with subsequent changes in fair market value recognized in the Consolidated Statements of Operations.

(iii) Compound financial instruments - the component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability is measured separately using an estimated market rate for a similar liability without an equity component and the residual is allocated to the conversion option. The liability component is subsequently recognized on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is recognized and included in equity and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Transaction costs are divided between the liability and equity components in proportion to their values.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) that are in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities that are not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	Classification	Fair Value Hierarchy
Cash and cash equivalents	Amortized cost	N/A
Deposits	Amortized cost	N/A
Accounts payable and accrued liabilities	Amortized cost	N/A
Investments in private entities	FVTPL	Level 3
Investments held for sale	FVTPL	Level 3
Promissory notes receivable	Amortized cost	N/A
Derivative liabilities	FVTPL	Level 3
Convertible notes payable	Amortized cost	N/A
Loan payable	Amortized cost	N/A

There were no material reclassifications between fair value levels during the years ended December 31, 2017 and 2016.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss.

Investments in associates
In accordance with IFRS 10 - Consolidated Financial Statements, associates are those entities that the Company has significant influence, but not control or joint control, over the financial and accounting policies. Investments in associates are accounted for using the equity method in accordance with IAS 28 - Investments in Associates and Joint Ventures. Investments in associates are recognized initially at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Company's share of the net income or loss and other comprehensive income of equity, with accounted investees subject to any adjustments the Company believes necessary to reflect such amounts in accordance with IFRS until the date on which significant influence ceases. If the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made additional investments in or payments on behalf of the other entity. The Company's investments in equity-accounted investees and joint ventures are classified within *Investments* on the Consolidated Statement of Financial Position.

Investments in private entities
Private entities are those entities that the Company has no significant influence or control and are accounted for in accordance with IFRS 9. Refer to Note 6 for more information.

Investments held for sale
The investment held for sale is presented at the lower of cost or fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. The Company's investments held for sale are classified within *Investments* on the Consolidated Statements of Financial Position. Management has determined the investment income (losses) associated with investments held for sale did not meet the criteria of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations to be reflected as discontinued operations.

Promissory notes receivable
The Company provides financing to various related and non-related businesses within the cannabis industry. These notes are accounted for as financial instruments in accordance with IFRS 9. Refer to Note 7 for more information.

Capital assets
Capital assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the following terms and methods:

Capital asset class	Method	Time Period
Land	Not depreciated	
Buildings	Straight-line	10-40 years
Leasehold improvements	Straight-line	Shorter of estimated useful life or length of the lease
Furniture, fixtures and equipment	Straight-line	3-7 years
Construction in process	Not depreciated	

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Consolidated Statements of Operations in the year the asset is derecognized. The assets' residual values, useful lives and methods of amortization are reviewed at each financial year end and adjusted prospectively if appropriate.

Business combinations
The Company's growth strategy includes acquisition of retail, cultivation, processing and other cannabis related companies. These business combinations are accounted using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value, along with identifiable net assets acquired. Goodwill and intangibles assets acquired in a business combination are recorded on the acquisition date. Intangible assets such as management contracts are amortized over their estimated useful lives, while indefinite-lived intangibles such as cannabis licenses are not amortized. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets or liabilities of an acquired business and is attributable to synergies expected to be achieved from integrating the acquisition into the Company's existing business. Based on the Company's tax status discussed below, goodwill is not expected to be deductible. A bargain purchase gain is recognized when the excess is negative. The Company expenses transaction costs, other than those associated with the issue of debt or equity securities, in connection with a business combination as incurred. Where applicable, the Company elects on a transaction-by-transaction basis whether to measure non-controlling interest, if any, at its fair value or at its proportionate share of the recognized amount of the identifiable net assets at the acquisition date.

Impairment of non-financial assets
Goodwill and indefinite-lived intangible assets are not subject to amortization and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash- generating unit, or "CGU"). Goodwill is allocated to the CGU that is expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill. An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount or the carrying amount that would have been recorded had no impairment loss been previously recognized.

Income taxes
Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

Income tax expense is recognized in the Consolidated Statements of Operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measures using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxing authority and the Company intends to settle its current tax assets and liabilities on a net basis.

At December 31, 2017 and 2016, deferred tax assets and liabilities were immaterial.

Certain Acreage subsidiaries are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

Revenue
Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped or delivered to customers and:

- The Company has transferred the significant risks and rewards of the goods' ownership to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amounts disclosed as revenue are net of allowances, discounts and rebates.

Equity-settled payments
The Company issues equity-based awards to employees and consultants for services. The Company measures these awards based on their fair value at the grant date and recognizes compensation expense over the requisite service period. For awards granted to non-employees, the compensation expense is measured at the fair value of the goods and services received except when the fair value cannot be estimated in which case it is measured at the fair value of the award granted.

General and administrative expenses
General and administrative expenses include, but are not limited to, professional fees, consulting fees, rent and travel.

Other assets
Other assets include, but are not limited to, security deposits, prepaid expenses and related party receivables.

Other liabilities:
Other liabilities include a $1,251 capital commitment to NY Medicinal Research & Caring, LLC ("NYMRC"), an investment in private entity, and a $600 contingent fee related to the dispensary license purchase through the acquisition of MMRC in 2017.

Critical accounting estimates and judgements:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the review affects both current and future periods. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial instruments
The Company evaluates the fair value of investments at the end of each reporting period. In addition to investment-specific information, the Company considers general market trends, conditions and transactions. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

The fair value of investments may be adjusted if:

- There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- There have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value;
- The investee company is placed into receivership or bankruptcy;
- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- The investee company makes important positive/negative management changes that the Company's management believes will have a positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustment to the fair value of the investments will be based upon management's judgment and any value estimated may not be realized or realizable. Refer to Note 6 for discussion of current period fair value adjustments.

Derivative liabilities
The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Black-Scholes model with a Monte Carlo simulation. Critical estimates and assumptions used in the model are discussed in Note 9.

Taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax- related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

As discussed above, the Company has taken the position that any costs included in cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance. The Company exercises significant judgments in determining the amounts to include within cost of goods sold, which include allocations of overhead attributable to sales calculated using identifiable metrics such as employee time sheets and square footage.

Business combinations
Judgement is required to determine when the Company gains control of an investment. This requires an assessment of the relevant activities of the investee that significantly affect its returns, including operating and capital expenditure decision-making, financing of the investee, key management personnel changes and when decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Investments in which the Company does not gain

control are accounted for as investments in associates (if the Company has significant influence) or as investments in private entities (if the Company has no significant influence). Refer to Note 4 and Note 6 for further discussion.

Impairment on promissory notes receivable
At each reporting date the Company assesses whether there is objective evidence that a promissory note receivable is impaired. A promissory note receivable is deemed to be impaired, if, and only if, there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the note and that event has an impact on the estimated future cash flows of the promissory note receivable. Refer to Note 14 for further discussion on credit risk.

Impairment on investments in associates
An impairment loss on an investment in an associate is measured by comparing the recoverable amount of the investment with its carryingamount. The Company must assess several factors, such as the market conditions, potential buyers and the performance of the associate to determine the recoverable amount. Refer to Note 6 for further discussion.

New standards and interpretations issued but not yet adopted:

Several new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these consolidated financial statements:

Leases
In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"). The new standard will replace IAS 17 - Leases ("IAS 17") and eliminate the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in similar accounting treatment to current finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is included in *Depreciation and amortization* in the Consolidated Statements of Operations, and an interest component is recognized for each lease, resulting in similar accounting treatment to current finance leases under IAS 17. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our consolidated financial statements.

Revenue
In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15"), which replaces the existing standards for revenue recognition. The new standard establishes a framework for the recognition and measurement of revenues generated from contracts with customers, providing a principles-based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied. Revenues outside of the scope of IFRS 15 include interest and dividend income, trading revenues, securities gains/losses, insurance revenues and lease income. The standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from transactions with our customers. In April 2016, the IASB issued clarifications to IFRS 15, which provide additional clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and intellectual property licenses.

The Company has substantially completed the assessment of the impact of the application of the new standard and reached conclusions on key accounting policies upon transitioning to IFRS 15. The Company has not identified any material impacts on the Consolidated Statements of Financial Position or the Consolidated Statements of Operations upon initial application. The Company does not expect the implementation of IFRS 15 to otherwise have a significant impact on its retail revenue stream. The Company continues to assess the impact of the disclosure requirements under IFRS 15 on the Company's consolidated financial statements.

Equity-settled payment
In June 2016, the IASB issued amendments to IFRS 2 - Share-based payment ("IFRS 2") in relation to the classification and measurement of equity-settled payment transactions. We do not expect the amendments to have a significant impact on our consolidated financial statements. The amendments are effective for our fiscal year beginning January 1, 2018.

4. ACQUISITIONS

On February 26, 2016, Acreage acquired an additional 50% ownership of 22nd & Burn, Inc., 35% of East 11th, Inc. and 45% of The Firestation 23 Inc. (together "Cannabliss") for a total consideration of $1,254 as part of the Company's growth strategy. Total consideration consists of the following: (i) $800 in cash, (ii) $189 fair market value of the previously held interest and (iii) $265 fair market value of the non-controlling interest. The transaction brought Acreage's total ownership to 70%, 65% and 65% of the above-named components of Cannabliss, respectively, thereby providing Acreage with a controlling interest, and was accounted for as a business acquisition in accordance with IFRS 3.

The Company has allocated the purchase price as follows:

Purchase Price Allocation		Amount
Assets acquired		
Cash	$	97
Inventory		170
Capital assets, net		43
Other assets		100
Liabilities assumed		
Accounts payable and accrued liabilities		(409)
Income taxes payable [1]		(879)
Other payables		(59)
Net liabilities acquired	**$**	**(937)**
Goodwill	**$**	**2,191**

(1) Classified as *Other current liabilities* on the Consolidated Statements of Financial Position.

As a result of this acquisition, the Company re-valued the previously held interest in Cannabliss from $950 to $189. The Company assumed that the current purchase price approximates the proportional fair value of the previously held equity interest. The loss of $761 is included in *Income (loss) from investments, net* on the Consolidated Statements of Operations. Goodwill consists of intangible assets that do not qualify for separate recognition.

Pro forma results of operations related to the acquisition have not been presented because they are not material to our Consolidated Statements of Operations.

5. INTANGIBLE ASSETS AND GOODWILL

A reconciliation of the beginning and ending balances of goodwill and intangible assets is as follows:

	Intangible Asset	Goodwill
As at December 31, 2015	**$ –**	**$ –**
Cannabliss acquisition (Note 4)	–	2,191
As at December 31, 2016	**$ –**	**$ 2,191**
MMRC license acquisition [1]	800	–
As at December 31, 2017	**$ 800**	**$ 2,191**

(1) The Company purchased a cannabis dispensary license through the acquisition of MMRC during the year ended December 31, 2017. The Company determined the purchase did not qualify as a business combination as MMRC was not operational at the time of purchase.

6. INVESTMENTS

The carrying values of the Company's investments in the Consolidated Statements of Financial Position as at December 31, 2017 and 2016 are as follows:

	December 31,	
	2017	**2016**
Investments in private entities	$ 18,473	$ 11,978
Investments in associates	8,269	6,692
Investments held for sale	7,006	1,135
Total	**$ 33,748**	**$ 19,805**

Income (loss) from investments, net in the Consolidated Statements of Operations for the years ended December 31, 2017 and 2016 is as follows:

	For the year ended December 31,	
	2017	**2016**
Investments in private entities	$ 2,057	$ 62
Investments in associates	256	(285)
Total	**$ 2,313**	**$ (223)**

Investments in private entities

The Company's investments in private entities as at December 31, 2017 and 2016 are as follows:

Entity Name	**Entity Type**	**Primary state of operations**	**Carrying Value**		**Acreage Ownership Interest**	
			2017	**2016**	**2017**	**2016**
San Felasco Nurseries, LLC ("SFN") [1]	Cultivation and Dispensary	Florida	$ 6,714	$ 6,376	7%	7%
Prime Wellness of Connecticut, LLC ("PWCT") [2]	Dispensary	Connecticut	1,750	1,750	18%	18%
Dixie Brands, Inc. [2]	Consumer Products	Colorado	3,050	3,050	7%	7%
NYCANNA, LLC ("NYCANNA") [3]	Cultivation and Dispensary	New York	6,407	250	20%	20%
Kalyx Development, Inc. [2]	Real Estate Development	New York	552	552	14%	14%
			$18,473	**$11,978**		

Investments in private entities are measured at FVTPL and are classified as Level 3 in the fair value hierarchy. The following factors were considered in the fair value assessment as at the end of each reporting period:

(1) The Company reviewed comparable market transactions and determined no material changes to the investment's fair value was necessary. The increase in carrying value from December 31, 2016 to December 31, 2017 was attributable to additional capital contributions made to SFN during the year. FLW, a consolidated subsidiary of the Company, owns 15% of SFN.

(2) The Company reviewed investment-specific financial information provided by the investee as well as comparable market transactions and determined no material change to the investment's fair value was necessary.

(3) This investment represents the Company's indirect interest in NYCANNA, a medical cannabis license holder in the State of New York formed on November 1, 2016. The Company has an 80% ownership interest in Impire, which in turn has a 50% ownership interest in NY Medicinal Research & Caring, LLC ("NYMRC"). NYMRC has a 50% ownership interest in NYCANNA. While as a result of this structure, Acreage indirectly has a 20% ownership interest in NYCANNA, the Company cannot exercise significant influence over NYCANNA because it does not control that ownership interest.

During the year ended December 31, 2017, the Company reviewed comparable market transactions and recorded a gain of $1,907 in *Income (loss) from investments, net* in the Consolidated Statements of Operations. The remaining increase in carrying value was attributable to additional capital contributions made during the year.

Investments in associates

The Company's investments in associates as at December 31, 2017 and 2016 are as follows:

Entity Name	Entity Type	Primary state of operations	Carrying Value 2017	Carrying Value 2016	Acreage Ownership Interest 2017	Acreage Ownership Interest 2016
WPMC(1)	Management Company	Maine	$ 6,230	$ 5,030	39%	34%
NCC, LLC ("NCC")	Dispensary	Illinois	961	1,035	30%	30%
HSRC NorCal, LLC	Management Company	California	976	400	45%	45%
Prime Consulting Group, LLC ("PCG")	Management Company	Massachusetts	40	40	20%	20%
Prime Alternative Treatment Care Consulting, LLC ("PATCC")	Management Company	New Hampshire	62	62	12%	12%
Trilogy Wellness of Maryland, LLC	Dispensary	Maryland	—	125	—%	13%
			$ 8,269	**$ 6,692**		

(1) The Wellness & Pain Management Connection, LLC ("WPMC") was formed on August 3, 2011. The principal office of WPMC is in the State of Maine and the registered office of WPMC is in the State of Delaware. WPMC holds a management agreement to render certain consulting services and assistance to Northeast Patients Group ("NPG").

NPG is a nonprofit corporation established on June 15, 2010, in the State of Maine. NPG holds four of eight vertically integrated licenses to produce, process and distribute medical marijuana in the State of Maine. It operates dispensaries in Bath, Brewer, Gardiner and Portland and has a 40,000 sq. ft. cultivation and processing facility in Auburn. WPMC does not have the unilateral right to direct activities of NPG, and therefore does not control it.

A summary of WPMC's assets, liabilities, and operations as at and for the years ended December 31, 2017 and 2016 is as follows:

Financial Condition	2017	2016
Total assets	$ 1,335	$ 1,836
Total liabilities	51	500
Total equity	1,284	1,336
Revenue	1,988	4,179
Net income	883	3,730
Acreage's income from investment	329	1,297

Investments held for sale

In the fourth quarter of 2017, the Company initiated a plan to sell its equity interest in Compass Ventures, Inc., Greenhouse Compass, LLC, HSGH Properties, LLC and HSGH Properties Union, LLC (together, "Compass"). The entities hold licenses to operate multiple dispensaries and a cultivation facility in the State of Illinois. As at December 31, 2017 and 2016, the Company owned approximately 47.5% of the business, with carrying values of $7,006 and $1,135, respectively. The investment in Compass

was always held at FVTPL as the Company does not have control or significant influence (refer to Note 3). The Company subsequently completed the sale of Compass in May 2018. See Note 15 for further discussion.

7. PROMISSORY NOTES RECEIVABLE

	Principal				
	TGS [(i)]	SFN [(ii)]	Other Notes Receivable [(iii)]	Interest Receivable	Total
As at December 31, 2015	**$ –**	**$ –**	**$ 50**	**$ –**	**$ 50**
Principal additions	1,800	–	828	–	2,628
Interest earned	–	–	–	160	160
Payments received	–	–	(50)	(7)	(57)
As at December 31, 2016	**$ 1,800**	**$ –**	**$ 828**	**$ 153**	**$ 2,781**
Principal additions	–	3,100	723	–	3,823
Equity investment converted to note	–	–	125	–	125
Interest earned	–	–	–	330	330
Payments received	–	–	–	(72)	(72)
As at December 31, 2017	**$ 1,800**	**$ 3,100**	**$ 1,676**	**$ 411**	**$ 6,987**

(i) On September 27, 2016, Acreage issued a promissory note to TGS National Holdings, LLC ("TGS") for a principal sum of $1,800 and an interest rate of 6% per annum. As at December 31, 2017 the note was payable at the earlier of (i) September 28, 2018 or (ii) forty-five calendar days following written demand for payment by Acreage. Interest and principal are due at maturity. Interest income related to this note totaled $108 and $58 for the years ended December 31, 2017 and 2016, respectively.

(ii) On March 1, 2017, Acreage issued an unsecured convertible promissory note to SFN for a principal sum of $1,100 via FLW. The note bears interest at a rate of 12% per annum. The note matured on March 1, 2018 and is currently in default. Interest income on the promissory note totaled $111 for the year ended December 31, 2017.

On October 17, 2017, Acreage issued an additional unsecured promissory note to SFN for a principal sum of $2,000. The note bears interest at a rate of 9% per annum compounded annually. Interest begins to accrue on the 121st day after the issuance of the note, February 15, 2018. The note matures on October 17, 2018.

Despite the delay in payment from SFN on the March 2017 note, the Company does not believe either note to be impaired. Given comparable industry transactions, the Company believes it will secure payment of the note along with the sale of our interest in SFN.

(iii) Other notes receivable primarily represents outstanding notes with related parties. The interest rates on the notes range from 0-18%. Interest income on the notes amounted to $111 and $102 for the years ended December 31, 2017 and 2016, respectively.

8. CAPITAL ASSETS

As at December 31, 2017 and 2016, capital assets consist of:

	December 31, 2017	2016
Land	$ 610	$ 90
Building	484	484
Construction in progress	9,764	–
Furniture, fixtures and equipment	160	82
Leasehold improvements	78	23
Total Property and equipment, gross	**11,096**	**679**
Less: Accumulated depreciation	(57)	(37)
Property and equipment, net	**$ 11,039**	**$ 642**

Construction in progress represent assets under construction related to both cultivation and dispensary facilities not yet completed or otherwise not placed in service. There were no capitalized financing fees for the years ended December 31, 2017 and 2016.

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	Accumulated Depreciation	Capital Assets, Net
As at December 31, 2015	**$ –**	**$ –**	**$ –**
Increase from capital expenditure	636	–	636
Increase from business acquisition	43	–	43
Depreciation expense	–	(37)	(37)
As at December 31, 2016	**$ 679**	**$ (37)**	**$ 642**
Increase from capital expenditure	10,420	–	10,420
Disposals	(3)	–	(3)
Depreciation expense	–	(20)	(20)
As at December 31, 2017	**$ 11,096**	**$ (57)**	**$ 11,039**

9. DEBT

The Company's debt balances consist of the following:

	December 31, 2017	December 31, 2016
Senior secured convertible notes	$ 27,087	$ –
Loan payable	531	550
Total debt	**27,618**	**550**
Less current portion	(20)	(19)
Total non-current debt	**$ 27,598**	**$ 531**

The remaining outstanding principal at December 31, 2017 is payable as follows:

Year ending December 31,		**Amount**
2018	$	20
2019		20
2020		27,108
2021		470
Total	**$**	**27,618**

Senior secured convertible notes

Between June and November of 2017, the Company issued senior secured convertible notes (the "Notes") for a total principal amount of $31,294, net of issuance costs. The Notes mature on November 15, 2020. Interest payable on the outstanding principal accrues at a rate of 10.00% per annum, payable quarterly in cash or PIK Class A membership units, at the election of the holders of the Notes. Total principal on the inception date of the Notes was allocated as follows:

Convertible Debt Component		**Allocated Value**
Convertible note liability [(1)]	$	28,182
Conversion option [(2)]		1,245
Warrant [(3)]		1,867
Total principal	**$**	**31,294**

(1) Represents the fair value of the convertible note calculated using the discounted cash flows approach, inclusive of a $442 original issuance discount. Key assumptions used in the valuation include required return rate of 18.75% and expected term of 1.5 years from the Note inception date. Of the total $1,151 issuance costs, $116 was allocated to the warrants and the conversion options and expensed in the period incurred, as these instruments are FVTPL. The remaining $1,035 will be accreted over the expected term of the Notes.

(2) The Notes are convertible to Class A membership units at a rate of $4.8341 per unit. The conversion is mandatory upon occurrence of an Initial Public Offering or a comparable public offering event (together "IPO"). Furthermore, the conversion rate is subject to adjustments based on the final price per share at the time of an IPO. Since the number of units to be issued is unknown, the instrument did not meet the "fixed for fixed" criteria under IAS 32 - Financial Instruments: Presentation ("IAS 32"). As such, the conversion option was classified as a derivative liability and accounted for at FVTPL.

(3) In connection with the principal of the Notes, the Company issued warrants to purchase such number of Company's Class A membership units equal to 150% of the Notes for a total of $47 million. The exercise price of the warrants will be determined using the price per unit at the time of an IPO. Since the number of units to be issued is unknown, the instrument did not meet the "fixed for fixed" criteria under IAS 32. As such, the warrant was classified as a derivative liability and accounted for at FVTPL.

The fair values of the warrants and the conversion options were $2,897 and $3,112 as at December 31, 2017 and Note inception date, respectively, and were calculated using a Black-Scholes model with a Monte Carlo simulation, with the following assumptions:

	December 31, 2017	**November 15, 2017 (inception)**
Risk-free rate	1.83%	1.62%
Expected dividend yield	—%	—%
Expected term (in years)	1.36	1.50
Volatility	73.00%	68.00%

The Notes net book value of $26,705 was recorded on initial recognition and will be accreted to the full principal over the expected term of 1.5 years.

The interest expense related to the Notes for the year ended December 31, 2017 consisted of the following:

		Amount
Cash interest	$	456
PIK interest (Note 10)		605
Accretion [(1)]		382
Total interest expense	**$**	**1,443**

(1) Accretion includes amortization of the discount related to the original issue discount, warrant, conversion option and certain issuance costs allocated to convertible debt.

Loan payable
NCC Real Estate, LLC ("NCC RE"), which is owned by the Company's consolidated subsidiary HSC Solutions, LLC, entered into a $550 secured loan with a financial institution for the purchase of a building in Rolling Meadows, Illinois in December 2016. The building houses operations of NCC. The promissory note payable carries a fixed interest rate of 3.7%. Interest expense related to loan payable for the year ended December 31, 2017 totaled $22.

10. MEMBERS' EQUITY AND EQUITY-BASED COMPENSATION

Members' equity
As at December 31, 2017 the operations of the Company were governed by the Amended and Restated Limited Liability Company Agreement dated March 24, 2017 (the "2017 Operating Agreement").

The Company is authorized to issue up to 20,000,000 Class Amembership units, 20,000,000 Class B membership units, 6,000,000 Class C membership units and 4,000,000 Class C profits interests. All classes include voting rights.

From January 2016 to November 2016, the Company issued 12,225,000 Class A membership units in exchange for $11,981 in cash and other assets, net of $244 costs incurred in connection with the issuance. The Acreage Operating Agreement provided the Class A membership units with priority recovery of their invested capital in the event of a dissolution of the Company.

In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable, which bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense.

In December 2017, the Company issued 100,329 Class A PIK units in lieu of cash in connection with the Notes.

Each member's capital account is adjusted from time to time by contributions, distributions and the allocation of profits and losses in accordance with the terms of the 2017 Operating Agreement.

Equity-based compensation
In December 2017, the Company issued 3,250,000 Class C-1 membership units to certain employees for services. These membership units qualify as profits interests for U.S. federal income tax purposes and were accounted for in accordance with the provisions of IFRS 2. The units were fully vested on the grant date. The Company recorded a stock compensation expense of $1,522 in the Consolidated Statements of Operations for the year ended December 31, 2017.

11. COMMITMENTS & CONTINGENCIES

Commitments:
The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility, and dispensaries.

The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	772
Later than one year and not later than five years		1,688
Later than five years		134
Total	**$**	**2,594**

The Company has the following commitments related to its investments:

In November 2017, Acreage committed to $8,000 to MA RMD SVCS, LLC for capital expenditures and working capital needs. The unfunded commitment as at December 31, 2017 totaled $7,000.

The Company is subject to other capital commitments and similar obligations. As at December 31, 2017 and 2016 such amounts were not material.

Contingencies:
The Company may be, from time to time, subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. Contingent liabilities associated with legal proceedings are recorded when a liability is probable, and the contingent liability amount can be reasonably estimated.

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as at December 31, 2017, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

The Company had been in litigation with a consultant in connection with compensation for certain services performed in 2017. As a result, the Company recorded approximately $1,000 of accrued expenses as at December 31, 2017. A settlement was reached in June 2018. (See Note 15)

During 2017, the Company entered into a consulting agreement with a contingency fee of $200 payable in the event it raised more than $40,000 in capital. The threshold was reached in 2018 and the payment was made accordingly. The contingent fee was recorded in the period the contingency requirement was met.

12. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement
NCC has a 5-year lease with NCC RE, an entity in which the Company's wholly-owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning December 2016. The total amount of rent paid by NCC for the years ended December 31, 2017 and 2016 is $72 and $6, respectively.

Common ownership
A managing member of HSCPM, maintains an individual ownership interest in three of the Company's portfolio companies, WPMC (1.5%), PWCT (3.0%) and NCC (1.0%).

Related party promissory notes receivable
Acreage has certain outstanding notes receivable with related parties. Refer to Note 7 for further information.

Other current assets
The Company issued 6,000,000 Class C membership units in exchange for $630 in notes receivable to its founding members. Refer to Note 10 for further information.

13. INCOME TAXES

A reconciliation of income to taxable income is as follows:

		2017		2016
Loss before income taxes	$	(6,810)	$	(1,999)
Add: loss from pass-through entities		7,646		1,886
Add: expenses not deductible in the U.S.		1,338		1,102
Taxable income	$	2,174	$	989
Tax rate		37%		41%
Total income tax expense	**$**	**806**	**$**	**409**

14. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/ or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at December 31, 2017 is the carrying amount of cash, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at December 31, 2017, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts

with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

15. SUBSEQUENT EVENTS

General developments:

Class C profits interests
On March 17, 2018, the Company granted 3,838,000 Class C profits interests to employees and consultants for services.

Change in operating agreement
On April 13, 2018, High Street Capital Partners amended and restated the Limited Liability Company Operating Agreement. Updates include but are not limited to the authorization of Class D and Class E membership units. The previous version was dated March 24, 2017.

Capital raise - Class E
Beginning April 2018 through August 2018, High Street Capital Partners, LLC raised approximately $119 million in exchange for 19,352,143 Class E membership units. These Class E membership units are convertible into common stock upon a qualified public offering.

Compass disposition
In May 2018, the Company completed the sale of Compass, an investment classified as held for sale at FVTPL as at December 31, 2017. As at December 31, 2017, the Company owned approximately 47.5% of the business, with carrying value of $7,006. The Company sold the Compass equity interest for cash proceeds of $9,634, recognizing a $2,628 gain on the sale.

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In June 2018, the Company reached a settlement with a former consultant in exchange for a full release. The settlement and the litigation fees totaled approximately $1,000 and were accrued in other liabilities as at December 31, 2017.

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In September 2018, the Company entered into a definitive business combination agreement pursuant to which the Company will complete a reverse takeover of Applied Inventions Management Corp. ("AIM"), a registered issuer in the Province of Ontario, and the securityholders of the Company will hold substantially all of the outstanding securities of AIM following the proposed transaction. Immediately prior to the transaction, AIM will undertake a number of actions to prepare its share structure for the proposed transaction. An application has been made to list the resulting issuer's subordinate voting shares on the Canadian Securities Exchange. Following the transaction, the former securityholders of AIM will own CAD$1,500 shares of the resulting issuer, which will be renamed "Acreage Holdings, Inc."

New York outstanding litigation
On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Except where noted, pro-forma results of operations for the below acquisitions are not presented because they are not material to our Consolidated Statements of Operations. The majority of the entities listed below were non-operational at the time of acquisition. We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

HSCP Oregon, LLC
In January 2018, the Company purchased the remaining 51% non-controlling interest in HSCP Oregon, LLC for a total consideration of $500, which included cash and forgiveness of a shareholder advance.

MMRC
In May 2018, the Company purchased the remaining 20% non-controlling interest in MMRC for a total consideration of $203 in cash.

D&B Wellness, LLC
In May 2018, the Company acquired 100% of D&B Wellness, LLC (d/b/a Compassionate Care Center of Connecticut), a medical dispensary located in Bethel, Connecticut for a total consideration of $14,500, which included cash, Class D units and seller's notes.

Selected line items from the Company's pro-forma Condensed Interim Consolidated Statements of Operations for the years ended December 31, 2017 and 2016 are presented below:

	Acreage Holdings For the Year Ended		D&B Adjustments For the Year Ended		Pro-forma Results For the Year Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenues, net	$ 7,743	$ 3,771	$ 8,826	$ 8,973	$ 16,569	$ 12,744
Gross profit	2,976	1,163	4,138	4,326	$ 7,114	$ 5,489
Net operating income (loss)	(7,047)	(1,931)	1,488	2,271	(5,559)	340
Net income (loss)	(7,616)	(2,408)	1,488	2,271	(6,128)	(137)

South Shore BioPharma, LLP ("SSBP")
In May 2018, the Company purchased a management agreement through 100% acquisition of SSBP, a management company located in Norwell, Massachusetts for a total consideration of $4,277, which included cash, Class D units and seller's notes.

WPMC
In May 2018, the Company acquired a controlling interest in WPMC, increasing its ownership percentage from 39% to 83%, for total consideration of $19,368, consisting of cash and Class D units. WPMC is a management company located in Portland, Maine.

Impire
In June 2018, the Company acquired all remaining ownership interests in Impire, a financial intermediary located in New York State, for a total consideration of $2,500 consisting of Class D units.

Cannabliss
In June 2018, the Company acquired all remaining non-controlling interests in Cannabliss for a total consideration of $1,311, consisting of cash, Class D units and seller's notes.

PATCC
In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $16,082, which included Class D units and seller's notes.

MA RMD SVCS, LLC
In July 2018, the Company acquired all remaining non-controlling interests in MA RMD SVCS, LLC, a management company located in Scituate, Massachusetts. The consideration for this transaction totaled $9,364, consisting of cash, Class D units and seller's notes.

Greenleaf Ohio
The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The Company paid total consideration of $16,500, consisting of cash, Class D units and seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities.

Prime Wellness Centers, LLC ("PWC")
In August 2018, the Company acquired the all interests in license holder PWC, a vertically integrated operator of three dispensaries and a cultivation facility, all located in Massachusetts, which was formerly managed by PCG, a management company in which the Company owned a 20% equity interest. Total consideration was approximately $22,717, consisting of cash, Class D units and seller's notes.

NYCANNA
In August 2018, the Company acquired all remaining ownership interests in NYCANNA, a vertically integrated for-profit license holder located in New York for total consideration of $37,646, consisting of cash, Class D units and seller's notes.

PWCT
In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South Windsor, Connecticut for a total consideration of $10,076, consisting of cash, Class D units and seller's notes.

Compassionate Care Foundation, Inc. ("CCF")
In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services for a monthly fee based on product sales. The management agreement will terminate and any outstanding obligations will convert to an ownership interest should New Jersey pass a law allowing recreational sales.

WPMC
In September 2018, the Company increased its ownership in WPMC from 83% to 87% in exchange for $1,225 in Class D units.

PWPA
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, a cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

FLW
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC
In October, the Company entered into a Securities Purchase Agreement with In Grown Farms 2, LLC ("IGF"), an Illinois cultivation license holder, pursuant to which the Company will acquire IGF for a total purchase price of $15,500. The purchase price will be paid as follows: $8,000 will be payable on the closing date, $6,500 will be paid on January 15, 2019 (assuming the transaction has closed) and $1,000 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

Schedule "D"

ACREAGE HOLDINGS' MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Acreage Holdings (the "**Company**", "**we**", "**our**", "**us**" or "**Acreage**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Statement Regarding Forward-Looking Statements", located at the beginning of this listing statement. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 9, 2018.

2. OVERVIEW OF THE COMPANY

Acreage was founded by Kevin Murphy in April of 2014 to invest in the burgeoning United States ("U.S.") regulated cannabis market. Historically, Acreage's principal business activity was to make debt and equity capital investments in existing cannabis license holders, cannabis license applicants and related management companies. These portfolio companies were party to financing and consulting services agreements with the Company in states throughout the U.S. where medical and/or adult use of cannabis is legal. Such investments included (but were not limited to) debt securities (secured or unsecured), convertible debt instruments, LLC membership interests and common or preferred equity securities issued by the portfolio company. Beginning in May 2018, the Company underwent a transformation whereby it consolidated controlling positions in nearly all portfolio companies under its ownership with the intent of being a single cohesive company operating across multiple states.

The Company has invested in geographically diverse licensed entities that operate in both adult use and medical authorized states. As at December 31, 2017, the Company's portfolio companies include assets comprised of state licensed dispensaries, cultivation and processing facilities, and other cannabis related companies across 11 states. In states where medical cannabis license holders may only be non-profit entities, the Company provided, and continues to provide, management services to the respective non- profit medical cannabis license holders on a contractual basis.

Today, the Company is one of the leading vertically integrated, multi-state cannabis operators in the U.S. Headquartered in New York City, the Company has one of the largest footprints of any cannabis company in the U.S. and is dedicated to building and scaling operations to create a seamless, consumer-focused, branded cannabis experience. The Company has a mission to champion and provide access to the beneficial properties of cannabis by creating the highest-quality products and experiences. We have fostered strong partnerships with physicians and medical researchers, with the aim of setting a new standard for the industry. As legislation and regulations evolve, we are poised to build on our leadership position by expanding our footprint and capabilities in bringing safe, affordable cannabis to the market. We deeply believe in the transformational power that cannabis has to heal and change the world.

Highlights from the year ended December 31, 2017

2017 was a transformational year for Acreage Holdings, as we evolved into one of the largest cannabis investors in the U.S. Below are some of the key events and highlights that were pivotal to our success in 2017:

- We secured approximately $30 million in financing via issuance of convertible notes.
- We provided growth capital investments across 10 businesses in nine different states, the largest of which included Pennsylvania, Oregon, Illinois, Massachusetts and New York.
- We made several strategic hires, bringing on board leaders and experts in marketing, mergers and acquisitions, operations, legal, finance and accounting, expanding our executive team and bolstering the backbone departments of the business.

Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Acreage's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in the states which we operate. As at December 31, 2017, the Company had consolidated operations in the following states:

Oregon

The Oregon Medical Marijuana Act (the "Act") was established in 1998 for limited non-commercial use. The Act removed criminal penalties for medical marijuana for patients with debilitating medical conditions whose doctor verified the condition and that medical marijuana may help it. Qualifying conditions include, but are not limited to, cancer, chronic pain, glaucoma and HIV/ AIDS. Non-medical cultivation and use of marijuana in Oregon was approved in 2014. Effective January 1, 2017, marijuana was able to be sold for recreational use only by businesses that have obtained a recreational license. Such businesses can also sell marijuana for medical use. Medical marijuana dispensaries that had not obtained a recreational license were no longer permitted to sell marijuana for recreational use after 2016. The state of Oregon does not have a limit on the number of dispensary, cultivation or processing licenses available for issuance.

The Company's Oregon subsidiaries hold five recreational dispensary licenses and one cultivation license is pending.

Holding Entity	City	Description	Status
East 11th Inc. Sorority	Eugene	Dispensary Facility	Issued
22nd and Burn Inc.	Portland	Dispensary Facility	Issued
Firestation 23, Inc.	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Springfield	Dispensary Facility	Issued
HSCP Oregon LLC	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Medford	Cultivation Facility	Pending

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 and provides state residents access to the program who suffer from one of the 17 qualifying serious conditions, including, but not limited to, epilepsy, chronic pain, HIV/ AIDS, cancer and post-traumatic stress disorder ("PTSD"). The program allows the Pennsylvania Department of Health to issue up to 25 cultivation and processing permits and 50 dispensary permits. Each dispensary permit holder can open up to three locations. On June 29, 2017, The Pennsylvania Department of Health issued 12 cultivation and processing permits and 27 dispensary permits. Prime Wellness of Pennsylvania, LLC, a consolidated subsidiary of the Company, was issued one cultivation and processing permit.

Maryland

The Maryland Medical Cannabis Commission ("MMCC") was established in May 2013, and the program became operational and sales began on December 1, 2017. The MMCC was created to analyze and study the use of medical cannabis and to develop policies, procedures and regulations to implement programs that ensure medical cannabis is available to qualifying patients in a safe and effective manner. The program was written to allow access to medical cannabis for patients with conditions that are considered severe for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and PTSD. The MMCC oversees all licensing, registration, inspection and testing measures pertaining to Maryland's medical marijuana program and provides relevant program information to patients, providers, caregivers, cultivators, processors, dispensaries and testing laboratories.

The MMCC has issued a limited number of dispensary, cultivation and processing licenses. There are currently 50 state licensed dispensaries, 14 cultivators and 13 processors throughout Maryland. Maryland Medicinal Research & Caring, LLC, a consolidated subsidiary of the Company, was awarded the right to apply for one dispensary license. As at December 31, 2017, the Company had begun the build out of its facilities while the finalization and issuance of the license was pending.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual consolidated financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year ended December 31,		Change	
	2017	2016	$	%
Revenues, net	$ 7,743	$ 3,771	$ 3,972	105%
Cost of goods sold	(4,767)	(2,608)	(2,159)	(83)%
Gross profit	2,976	1,163	1,813	156%
Total operating expenses	(10,023)	(3,094)	(6,929)	(224)%
Total other income (loss), net	237	(68)	305	n/m
Income tax expense	(806)	(409)	(397)	(97)%
Net loss	$ (7,616)	$ (2,408)	$ (5,208)	(216)%
Total assets	$ 73,009	$ 31,486	$ 41,523	132%
Long-term liabilities	$ 32,470	$ 655	$ 31,815	n/m

n/m - Not meaningful

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

The Company derives its revenues from retail dispensary businesses where cannabis and cannabis-infused products are sold to consumers. Acreage has five operational dispensary facilities in Oregon; three in Portland, one in Eugene and one in Springfield. The Company is currently constructing a cultivation and processing facility in Medford, and the site will also house a sixth dispensary upon completion.

Revenues for the year ended December 31, 2017 were $7,743, an increase of $3,972, or 105%, from the year ended December 31, 2016. The increase was driven by the legalization of recreational sales in Oregon on January 1, 2017, the benefit from a full year of operations from our Springfield dispensary, which opened in April 2016, and by our February 2016 acquisition of 22nd & Burn, Inc., The Firestation 23, Inc. and East 11th, Inc. (together "Cannabliss"). Additionally, our Powell dispensary commenced operations in March 2017 and also contributed to the increase in revenues.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includes allocations of rent, administrative salaries, utilities and related costs. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold for the year ended December 31, 2017 was $4,767, an increase of $2,159, or 83%, from the year ended December 31 2016, primarily due to the increase in Oregon operations mentioned above. The gross profit margin for the years ended December 31, 2017 and 2016 was 38% and 31%, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices, personnel costs including salaries, incentive compensation, benefits and share based compensation, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support our aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to incur acquisition and transaction costs related to our expansion plans. We anticipate a significant increase in stock compensation expense related to recruiting and hiring talent, as well as increases in accounting, legal and professional fees associated with being a publicly traded company.

Total operating expenses for the year ended December 31, 2017 was $10,023, an increase of $6,929, or 224%, compared to the year ended December 31, 2016. This was driven by increased general and administrative expenses reflecting the increased volume and complexity of services required as the Company's operations increased over the year, as well as increased compensation expense driven by stock compensation expense from the issuance of profits interest units to certain employees for services and an increase in headcount from the scaling up of operations.

Total other income (loss), net
Total other income for the year ended December 31, 2017 was $237, an increase of $305 when compared to a loss of $68 for the year ended December 31, 2016. The increase is primarily driven by $2,536 higher income from investments and $215 income from the change in fair value of derivative liabilities, partially offset by $1,465 higher interest expense from the senior secured convertible notes issued during the year and a $1,000 settlement of a fee dispute with a former consultant.

Net Loss
Net loss for the year ended December 31, 2017 was $7,616, an increase of $5,208 or 216%, compared to a net loss of $2,408 for the year ended December 31, 2016. The increase in net loss was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, acquisitions, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. To date, we have used private financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our ability to fund our operations, to make planned capital expenditures, to acquire other entities or investments, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	**For the year ended December 31,**		**Change**	
	2017	**2016**	**$**	**%**
Net cash used in operating activities	$ (5,942)	$ (1,375)	$ (4,567)	(332)%
Net cash used in investing activities	(19,382)	(13,433)	(5,949)	(44)%
Net cash provided by financing activities	36,259	16,090	20,169	125%
Change in cash	$ 10,935	$ 1,282	$ 9,653	753%

As at December 31, 2017, we had $16,231 of cash, $269 of restricted cash and $7,482 of working capital surplus (current assets minus current liabilities), compared with $5,296 of cash and cash equivalents, no restricted cash and $3,714 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash used in operating activities
Net cash used in operating activities was $5,942 for the year ended December 31, 2017, an increase of $4,567, or 332%, compared to $1,375 for the year ended December 31, 2016. The increase was primarily driven by the increased net loss, partially offset by the lower usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash used in investing activities
Net cash used in investing activities was $19,382 for the year ended December 31, 2017, an increase of $5,949, or 44%, compared to $13,433 for the year ended December 31, 2016.

The outflow of $19,382 for the year ended December 31, 2017 primarily consisted of $10,985 of funds disbursed for investments, $4,704 of capital additions, which predominantly relate to the construction of the cultivation and processing facility in Pennsylvania and $3,823 of promissory notes issued.

The major outflows for the year ended December 31, 2016 primarily consisted of $11,387 of funds disbursed for investments, $2,628 of promissory notes issued and $703 for the acquisition of Cannabliss, partially offset by $1,297 of distributions from investments.

Cash provided by financing activities
Net cash provided by financing activities was $36,259 for the year ended December 31, 2017, an increase of $20,169, or 125%, compared to $16,090 for the year ended December 31, 2016.

The inflow of $36,259 for the year ended December 31, 2017 primarily consisted of $29,817 proceeds from convertible notes issued and $6,461 of capital contributions from non-controlling interests.

The inflow for the year ended December 31, 2016 represents $11,331 of capital contributions from members and $4,759 of capital contributions from non-controlling interests.

Contractual obligations
The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	772
Later than one year and not later than five years		1,688
Later than five years		134
Total	**$**	**2,594**

The Company has the following commitments related to its investments:

In November 2017, Acreage committed to $8,000 to MA RMD SVCS, LLC for capital expenditures and working capital needs. The unfunded commitment as at December 31, 2017 totaled $7,000.

The Company is subject to other capital commitments and similar obligations. As at December 31, 2017 and 2016 such amounts were not material.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement
NCC, LLC ("NCC") has a 5-year lease with NCC Real Estate, LLC ("NCC RE"), an entity in which the Company's wholly- owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning December 2016. The total amount of rent paid by NCC for the years ended December 31, 2017 and 2016 is $72 and $6, respectively.

Common ownership
A managing member of High Street Capital Partners Management, LLC, ("HSCPM") maintains an individual ownership interest in three of the Company's portfolio companies, The Wellness & Pain Management Connection, LLC (1.5%), Prime Wellness of Connecticut (3.0%) and NCC (1.0%).

Related party promissory notes receivable
As described in Note 7 of the consolidated financial statements, Acreage has outstanding notes receivable with related parties totaling $1,676 and $828 as at December 31, 2017 and 2016, respectively. The interest rates on the notes range from 0-18%. Interest income on the notes amounted to $111 and $102 for the years ended December 31, 2017 and 2016, respectively.

Other assets
As described in Note 10 of the consolidated financial statements, the Company exchanged notes receivable for Class C membership units. These notes bear interest at 2.05% annually. The Company forgave 50% of the outstanding balance during 2017 in recognition of services performed and classified as compensation expense. The remaining balance of $315 was outstanding as at December 31, 2017.

7. PROPOSED TRANSACTIONS

General developments:

Class C profits interests
On March 17, 2018, the Company granted 3,838,000 Class C profits interests to employees and consultants for services.

Change in operating agreement
On April 13, 2018, High Street Capital Partners amended and restated the Limited Liability Company Operating Agreement. Updates include but are not limited to the authorization of Class D and Class E membership units. The previous version was dated March 24, 2017.

Capital raise - Class E
Beginning April 2018 through August 2018, High Street Capital Partners, LLC raised approximately $119 million in exchange for 19,352,143 Class E membership units. These Class E membership units are convertible into common stock upon a qualified public offering. The funds will be used to prepare for the listing on the Canadian Securities Exchange and to increase the Company's footprint in the U.S.

Compass disposition
In May 2018, the Company completed the sale of Compass Ventures, Inc., Greenhouse Compass, LLC, HSGH Properties, LLC and HSGH Properties Union, LLC (together, "Compass"), an investment classified as held for sale at fair value throgh profit and loss as at December 31, 2017. As at December 31, 2017, the Company owned approximately 47.5% of the business, with carrying value of $7,005. The Company sold the Compass equity interest for cash proceeds of $9,634, recognizing a $2,628 gain on the sale.

Settlement
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Proposed reverse takeover
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New York outstanding litigation
On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, LLC ("NYCANNA"), Impire State Holdings, LLC ("Impire"), NY Medicinal Research & Caring, LLC ("NYMRC") (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

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Maryland Medicinal Research & Caring, LLC ("MMRC")
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D&B Wellness, LLC
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Selected line items from the Company's pro-forma Condensed Interim Consolidated Statements of Operations for the years ended December 31, 2017 and 2016 are presented below:

	Acreage Holdings For the Year Ended		D&B Adjustments For the Year Ended		Pro-forma Results For the Year Ended	
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Net income (loss)	(7,616)	(2,408)	1,488	2,271	(6,128)	(137)

South Shore BioPharma, LLP ("SSBP")
In May 2018, the Company purchased a management agreement through 100% acquisition of SSBP, a management company located in Norwell, Massachusetts for a total consideration of $4,277, which included cash, Class D units and seller notes.

The Wellness & Pain Management Connection, LLC ("WPMC")
In May 2018, the Company acquired a controlling interest in WPMC, increasing its ownership percentage from 39% to 83%, for total consideration of $19,368, consisting of cash and Class D units. WPMC is a management company located in Portland, Maine.

Impire State Holdings, LLC ("Impire")
In June 2018, the Company acquired all remaining ownership interests in Impire, a financial intermediary located in New York State, for a total consideration of $2,500 consisting of Class D units.

Cannabliss
In June 2018, the Company acquired all remaining non-controlling interests in Cannabliss for a total consideration of $1,311, consisting of cash, Class D units and seller notes.

Prime Alternative Treatment Care Consulting, LLC ("PATCC")
In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $16,082, which included Class D Units and seller notes.

MA RMD SVCS, LLC
In July 2018, the Company acquired all remaining non-controlling interests in MA RMD SVCS, LLC, a management company located in Scituate, Massachusetts. The consideration for this transaction totaled $9,364, consisting of cash, Class D Units and seller notes.

Greenleaf Ohio
The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The Company paid total consideration of $16,500, consisting of cash, Class D units and seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities.

Prime Wellness Centers, LLC ("PWC")
In August 2018, the Company acquired the all interests in license holder PWC, a vertically integrated operator of three dispensaries and a cultivation facility, all located in Massachusetts, which was formerly managed by Prime Consulting Group, LLC, a management company in which the Company owned a 20% equity interest. Total consideration was approximately $22,717, consisting of cash, Class D units and seller's notes.

NYCANNA, LLC
In August 2018, the Company acquired all remaining ownership interests in NYCANNA, LLC, a vertically integrated for-profit license holder located in New York for total consideration of $37,646, consisting of cash, Class D units and seller's notes.

Prime Wellness of Connecticut, LLC ("PWCT")
In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South Windsor, Connecticut for a total consideration of $10,076, consisting of cash, Class D units and seller's notes.

Compassionate Care Foundation, Inc. ("CCF")
In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services for a monthly fee based on product sales. The management agreement will terminate and any outstanding obligations will convert to an ownership interest should New Jersey pass a law allowing recreational sales.

WPMC
In September 2018, the Company increased its ownership in WPMC from 83% to 87% in exchange for $1,225 in Class D units.

Prime Wellness of Pennsylvania, LLC ("PWPA")
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, a cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

Florida Wellness, LLC ("FLW")
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC
In October, the Company entered into a Securities Purchase Agreement with In Grown Farms 2, LLC ("IGF"), an Illinois cultivation license holder, pursuant to which the Company will acquire IGF for a total purchase price of $15,500. The purchase price will be paid as follows: $8,000 will be payable on the closing date, $6,500 will be paid on January 15, 2019 (assuming the transaction has closed) and $1,000 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the review affects both current and future periods. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial instruments

The Company evaluates the fair value of investments at the end of each reporting period. In addition to investment-specific information, the Company considers general market trends, conditions and transactions. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

The fair value of investments may be adjusted if:

- There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- There have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value;
- The investee company is placed into receivership or bankruptcy;
- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- The investee company makes important positive/negative management changes that the Company's management believes will have a positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustment to the fair value of the investments will be based upon management's judgment and any value estimated may not be realized or realizable. See Note 6 of the consolidated financial statements for discussion of current period fair value adjustments.

Derivative liabilities

The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Black-Scholes model with a Monte Carlo simulation. Critical estimates and assumptions used in the model are discussed in Note 9 of the consolidated financial statements.

Income taxes

Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

Income tax expense is recognized in the Consolidated Statements of Operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measures using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxing authority and the Company intends to settle its current tax assets and liabilities on a net basis.

At December 31, 2017 and 2016, deferred tax assets and liabilities were immaterial.

Certain Acreage subsidiaries are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax- related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

As discussed above, the Company has taken the position that any costs included in cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance. The Company exercises significant judgments in determining the amounts to include within cost of goods sold, which include allocations of overhead attributable to sales calculated using identifiable metrics such as employee time sheets and square footage.

Business combinations
Judgement is required to determine when the Company gains control of an investment. This requires an assessment of the relevant activities of the investee that significantly affect its returns, including operating and capital expenditure decision-making, financing of the investee, key management personnel changes and when decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Investments in which the Company does not gain control are accounted for as investments in associates (if the Company has significant influence) or as investments in private entities (if the Company has no significant influence). Refer to Note 4 and Note 6 of the consolidated financial statements for further discussion.

Impairment on promissory notes receivable
At each reporting date the Company assesses whether there is objective evidence that a promissory note receivable is impaired. A promissory note receivable is deemed to be impaired, if, and only if, there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the note and that event has an impact on the estimated future cash flows of the promissory note receivable. Refer to Note 14 of the consolidated financial statements for further discussion on credit risk.

Impairment on investments in associates
An impairment loss on an investment in an associate is measured by comparing the recoverable amount of the investment with its carrying amount. The Company must assess several factors, such as the market conditions, potential buyers and the performance of the associate to determine the recoverable amount. Refer to Note 6 of the consolidated financial statements for further discussion.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

Several new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these consolidated financial statements:

Leases
In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"). The new standard will replace IAS 17 - Leases ("IAS 17") and eliminate the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in similar accounting treatment to current finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is included in *Depreciation and amortization* in the Consolidated Statements of Operations, and an interest component is recognized for each lease, resulting in similar accounting treatment to current finance leases under IAS 17. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our consolidated financial statements.

Revenue
In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15"), which replaces the existing standards for revenue recognition. The new standard establishes a framework for the recognition and measurement of revenues generated from contracts with customers, providing a principles-based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied. Revenues outside of the scope of IFRS 15 include interest and dividend income, trading revenues, securities gains/losses, insurance revenues and lease income. The standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from transactions with our customers. In April 2016, the IASB issued clarifications to IFRS 15, which provide additional clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and intellectual property licenses.

The Company has substantially completed the assessment of the impact of the application of the new standard and reached conclusions on key accounting policies upon transitioning to IFRS 15. The Company has not identified any material impacts on the Consolidated Statements of Financial Position or the Consolidated Statements of Operations upon initial application. The Company does not expect the implementation of IFRS 15 to otherwise have a significant impact on its retail revenue stream. The Company continues to assess the impact of the disclosure requirements under IFRS 15 on the Company's consolidated financial statements.

Equity-settled payment
In June 2016, the IASB issued amendments to IFRS 2 - Share-based payment in relation to the classification and measurement of equity-settled payment transactions. We do not expect the amendments to have a significant impact on our consolidated financial statements. The amendments are effective for our fiscal year beginning January 1, 2018.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at December 31, 2017 is the carrying amount of cash, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at December 31, 2017, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

11. OUTSTANDING SHARE DATA

From January 2016 to November 2016, the Company issued 12,225,000 Class A membership units in exchange for $11,981 in cash and other assets, net of $244 costs incurred in connection with the issuance. The Acreage operating agreement provides the Class A membership units with priority recovery of their invested capital in the event of a dissolution of the Company.

In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable, which bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense.

In December 2017, the Company issued 100,329 Class A payment-in-kind units in lieu of cash in connection with interest payable on outstanding notes.

In December 2017, the Company issued 3,250,000 Class C-1 membership units to certain employees for services. These membership units qualify as profits interests for U.S. federal income tax purposes.

The following share capital data is current as of the date of this document:

Shares Outstanding

(expressed in units)	**Balance**
Class A units	26,928,608
Class B units	20,000,000
Class C units	6,000,000
Class C-1 units	7,488,000
Class D units	17,018,390
Class E units	19,352,143
Total	**96,787,141**

Schedule "E"

ACREAGE HOLDINGS' INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the Three and Six Months Ended June 30, 2018 and 2017
(In United States Dollars)

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ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in $000's USD)	Note	(Unaudited) June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 85,992	$ 16,231
Restricted cash	3	7,258	269
Inventory	9	1,538	463
Biological assets	9	1,027	–
Other current assets		344	515
Total current assets		96,159	17,478
Investments	6	28,393	33,748
Promissory notes receivable	7	8,501	6,987
Capital assets, net	8	14,976	11,039
Intangible assets, net	5	61,955	800
Goodwill	5	2,191	2,191
Deferred acquisition costs	4	11,496	–
Other non-current assets		389	766
Total non-current assets		127,901	55,531
TOTAL ASSETS		$ 224,060	$ 73,009
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 4,559	$ 7,802
Taxes payable	14	1,530	1,114
Interest payable	10	232	143
Current portion of debt	10	9,668	20
Other current liabilities		935	917
Total current liabilities		16,924	9,996
Debt	10	31,809	27,598
Derivative liabilities	10	8,873	2,897
Deposits	3	7,163	–
Other liabilities		85	1,975
Total non-current liabilities		47,930	32,470
TOTAL LIABILITIES		$ 64,854	$ 42,466
Members' equity	11	140,143	20,133
Non-controlling interests	11	19,063	10,410
TOTAL MEMBERS' EQUITY		$ 159,206	$ 30,543
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 224,060	$ 73,009

Approved on behalf of Management on November 9, 2018:

"Kevin Murphy"
Chief Executive Officer

"Glen Leibowitz"
Chief Financial Officer

See accompanying notes to unaudited condensed interim consolidated financial statements

ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Expressed in $000's USD)	Note	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenues, net		$ 2,951	$ 1,853	$ 5,148	$ 3,443
Cost of goods sold		(1,762)	(946)	(3,228)	(2,150)
Gross profit, excluding fair value items		1,189	907	1,920	1,293
Unrealized fair value gain on growth of biological assets		446	–	979	–
Gross profit		1,635	907	2,899	1,293
OPERATING EXPENSES					
General and administrative		2,622	728	4,397	2,464
Compensation expense		2,070	590	5,055	1,030
Marketing		417	56	621	105
Depreciation and amortization	5, 8, 9	265	2	275	3
Total operating expenses		5,374	1,376	10,348	3,602
Net operating loss		$ (3,739)	$ (469)	$ (7,449)	$ (2,309)
Income from investments, net	6	19,652	151	19,870	317
Interest income	7	44	109	135	188
Interest expense	10	(1,618)	(51)	(3,168)	(56)
Change in fair market value of derivative liabilities	10	(7,018)	–	(5,976)	–
Other income (loss), net		(966)	30	(1,007)	64
Total other income		10,094	239	9,854	513
Net income (loss) before income taxes		$ 6,355	$ (230)	$ 2,405	$ (1,796)
Income tax expense	14	(247)	(204)	(483)	(408)
Net income (loss)		$ 6,108	$ (434)	$ 1,922	$ (2,204)
Less: net income (loss) attributable to non-controlling interests		112	(325)	200	(906)
Net income (loss) attributable to members of the parent		$ 5,996	$ (109)	$ 1,722	$ (1,298)

See accompanying notes to unaudited condensed interim consolidated financial statements

ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(Unaudited)

	Attributable to members of the parent						
(Expressed in $000's USD)	Membership Units	Contributed Capital	Units Reserve	Accumulated Deficit	Total Member Equity	Non-controlling interests	Total Equity
Balance as at December 31, 2016	**40,000,000**	**$ 26,697**	**$ –**	**$ (2,318)**	**$ 24,379**	**$ 4,562**	**$ 28,941**
Issuance of Class C units for in-kind contributions	6,000,000	630	–	–	630	–	630
Interest expense settled with PIK Class A units	–	–	41	–	41	–	41
Capital contributions, net	–	–	–	–	–	3,412	3,412
Net loss	–	–	–	(1,298)	(1,298)	(906)	(2,204)
Balance as at June 30, 2017	**46,000,000**	**$ 27,327**	**$ 41**	**$ (3,616)**	**$ 23,752**	**$ 7,068**	**$ 30,820**
Issuance of Class C profits interests	3,250,000	1,522	–	–	1,522	–	1,522
PIK units issued from reserve	8,460	41	(41)	–	–	–	–
Interest expense settled with PIK Class A units	91,869	444	120	–	564	–	564
Capital contributions, net	–	–	–	–	–	3,049	3,049
Net income (loss)	–	–	–	(5,705)	(5,705)	293	(5,412)
Balance as at December 31, 2017	**49,350,329**	**$ 29,334**	**$ 120**	**$ (9,321)**	**$ 20,133**	**$ 10,410**	**$ 30,543**
Issuance of Class D units for in-kind contributions	3,143,272	19,488	–	–	19,488	–	19,488
Issuance of Class E units, net	16,699,104	100,005	–	–	100,005	–	100,005
Equity-based compensation expense	–	–	826	–	826	–	826
Class C profits interests vested	1,515,000	648	(648)	–	–	–	–
PIK units issued from reserve	24,772	120	(120)	–	–	–	–
Interest expense settled with PIK Class A units	73,798	357	615	–	972	–	972
Capital contributions, net	–	–	–	–	–	2,723	2,723
Increase in non-controlling interests from business acquisitions	–	–	–	–	–	7,241	7,241
Purchase of non-controlling interests	–	(3,003)	–	–	(3,003)	(1,511)	(4,514)
Net income	–	–	–	1,722	1,722	200	1,922
Balance as at June 30, 2018	**70,806,275**	**$ 146,949**	**$ 793**	**$ (7,599)**	**$ 140,143**	**$ 19,063**	**$ 159,206**

See accompanying notes to unaudited condensed interim consolidated financial statements

ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Expressed in $000's USD)	Six months ended June 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 1,922	$ (2,204)
Adjustments for:		
Depreciation and amortization	275	3
Equity-based compensation expense	1,141	–
Change in fair market value of derivative liabilities	5,976	–
Change in fair market value of biological assets	(979)	–
Gain on sale of investment	(2,628)	–
Non-cash interest expense	2,503	41
Non-cash (income) loss from investments, net	(16,983)	(167)
Non-cash miscellaneous income	(40)	–
Non-cash expense from lost deposits	575	–
Collection of interest	198	44
Other	–	7
Change, net of acquisitions in:		
Inventory	(510)	(40)
Biological assets	(334)	–
Other assets	(39)	(28)
Interest receivable	(135)	(188)
Accounts payable and accrued liabilities	(5,493)	161
Taxes payable	416	408
Interest payable	89	5
Other liabilities	(1,230)	–
Net cash used in operating activities	$ (15,276)	$ (1,958)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of capital assets	$ (3,740)	$ (340)
Investments in promissory notes receivable	(2,965)	(1,100)
Collection of promissory notes receivable	2,202	–
Cash paid for investments	(1,821)	(8,325)
Proceeds from sale of investment	9,634	–
Business acquisitions, net of cash acquired	(8,067)	–
Purchase of intangible asset	(416)	–
Deferred acquisition costs	(11,216)	–
Distributions from investments	141	221
Cash transferred from escrow	174	–
Net cash used in investing activities	$ (16,074)	$ (9,544)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of membership units, net	$ 101,785	$ –
Proceeds from convertible note, net of deferred costs	–	4,626
Shareholder advance	–	(52)
Purchase of non-controlling interest	(904)	–
Repayment of loan	(2,493)	(9)
Capital contributions - non-controlling interests, net	2,723	3,412
Net cash provided by financing activities	$ 101,111	$ 7,977
Net increase (decrease) in cash	$ 69,761	$ (3,525)
Cash - Beginning of period	16,231	5,296
Cash - End of period	$ 85,992	$ 1,771

See accompanying notes to unaudited condensed interim consolidated financial statements

ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Interest paid	$	576	$	10
Income taxes paid		67		–
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Deferred acquisition costs not yet paid for	$	855	$	–
Capital assets not yet paid for		135		–
Receipt of capital assets previously paid for		246		–
Equity issuance costs payable		1,749		–
Settlement of prior liability with issuance of Class D units		602		–
Change in fair value of biological assets transferred to inventory		236		–

See accompanying notes to unaudited condensed interim consolidated financial statements

1. NATURE OF OPERATIONS

Acreage Holdings (the "Company" or "Acreage") was formed on April 29, 2014 and is a Delaware limited liability company under the legal name of High Street Capital Partners, LLC. The Company offers financial and operational support to its subsidiaries and investees. As at June 30, 2018, the Company held investments in cultivation facilities, dispensaries and other cannabis related companies across 13 states.

The Company's corporate office and principal place of business is located at 366 Madison Avenue, New York, New York, in the United States of America. Its operations officially commenced on January 1, 2015, when certain investments were contributed into Acreage in exchange for membership units by its founding member. Directors and officers of the Company control 36% and 49% of the voting units of the Company as at June 30, 2018 and December 31, 2017, respectively.

The Company is managed by High Street Capital Partners Management, LLC ("HSCPM" or "Manager"). HSCPM was formed on April 9, 2014 and is a Delaware limited liability company. As the sole manager, HSCPM has the authority to make key decisions on behalf of the Company. HSCPM also incurs certain operating expenses on behalf of Acreage, such as rent and payroll, for which it is reimbursed in accordance with the management agreement. The entity is 100% owned by the founding members of Acreage.

2. BASIS OF PREPARATION

Statement of compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee. These unaudited condensed interim consolidated financial statements were approved and authorized for issue by Management on November 9, 2018.

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value and investments recorded using the equity method of accounting.

Functional and presentation currency

The unaudited condensed interim consolidated financial statements and the accompanying notes are expressed in United States ("U.S.") Dollars.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and expose itself to the variable returns from the entity's activities. The unaudited condensed interim consolidated financial statements include the results of subsidiaries' operations from the date that control commences until the date that control ceases.

The Company's subsidiaries and ownership interests are as follows:

Business Name	Entity Type	State of Operations	June 2018 Ownership %	December 2017 Ownership %
Cannabliss:				
22nd & Burn, Inc.	Dispensary	OR	100%	70%
East 11th, Inc.	Dispensary	OR	100%	65%
The Firestation 23, Inc.	Dispensary	OR	100%	65%
HSCP Oregon, LLC	Dispensary / Cultivation license	OR	100%	49%
HSC Solutions, LLC	Investment company	NY	100%	100%
Florida Wellness, LLC ("FLW")	Investment company	FL	44%	44%
Impire State Holdings, LLC ("Impire")	Investment company	NY	100%	80%
Prime Wellness of Pennsylvania, LLC ("PWPA")	Cultivation facility	PA	50%	50%
MA RMD SVCS, LLC	Management company	MA	51%	51%
Maryland Medicinal Research & Caring, LLC ("MMRC")	Dispensary	MD	100%	80%
The Wellness & Pain Management Connection LLC ("WPMC")	Management Company	ME	83%	39%
D&B Wellness, LLC ("D&B")	Dispensary	CT	100%	—%

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated. Unrealized losses are eliminated to the extent of the gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest
Non-controlling interest is shown as a component of total members' equity on the unaudited Condensed Interim Consolidated Statements of Financial Position, and the share of income (loss) attributable to non-controlling interest is shown as a component of net income (loss) in the unaudited Condensed Interim Consolidated Statements of Operations.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared following substantially the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2017, except as noted below.

The Company implemented the following additional policies beginning January 1, 2018:

Restricted cash
Restricted cash represents funds contractually held for specific purposes and, as such, not available for general corporate purposes.

Deposits
Deposits represent refundable proceeds related to the issuance of Class E units.

Revenue recognition
The IASB's new revenue recognition standard IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was adopted by the Company on January 1, 2018. The new standard replaces IAS 18 - Revenue, and provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adoption. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price

4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the good to the customer. Revenue from management contracts is recognized over time as the management services are provided.

Biological assets and inventory

In accordance with IAS 41 - Agriculture, the Company's biological assets are measured at fair value less costs to sell up to the point of harvest. The Company capitalizes all direct and indirect costs as they are incurred, which include the direct costs of seeds and growing materials and indirect costs such as utilities and allocated labor, depreciation and overhead costs. These costs are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations in the period in which the related product is sold. The unrealized fair value adjustments on growth of biological assets are recorded in a separate line on the unaudited Condensed Interim Consolidated Statements of Operations.

The Company's inventories initially include the fair value of the biological assets at the time of harvest. They also include subsequent costs to prepare the product for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and allocated labor. All direct and indirect costs related to inventory are capitalized when they are incurred, and they are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations, except for the realized fair value amounts included in inventory sold which are recorded on a separate line item. Inventory is valued at the lower of cost and net realizable value.

4. ACQUISITIONS

During the six months ended June 30, 2018, the Company made the following acquisitions, and has allocated each purchase price as follows:

Purchase Price Allocation	**D&B [1]**	**WPMC [2]**
Assets acquired:		
Cash and cash equivalents	$ 289	$ 62
Inventory	120	–
Other current assets	29	40
Promissory notes receivable	–	814
Capital assets, net	46	–
Intangible assets	14,308	42,774
Other non-current assets	5	–
Liabilities assumed:		
Accounts payable and accrued liabilities	(297)	(69)
Fair value of net assets acquired	**$ 14,500**	**$ 43,621**

The consideration has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition.

(1) On May 31, 2018, the Company acquired all interests in license holder D&B for total consideration of $14,500, which includes: (i) $250 in cash, (ii) $11,150 in seller's notes and (iii) $3,100 Class D membership units.

Selected line items from the Company's unaudited pro-forma Condensed Interim Consolidated Statement of Operations for the six months ended June 30, 2018 and 2017 are presented below:

	Acreage Holdings For the Six Months Ended		D&B Adjustments For the Six Months Ended		Pro-forma Results For the Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenues, net	$ 5,148	$ 3,443	$ 3,521	$ 4,362	$ 8,669	$ 7,805
Gross profit	2,899	1,293	1,650	2,122	4,549	3,415
Net operating income (loss)	(7,449)	(2,309)	1,108	1,466	(6,341)	(843)
Net income (loss)	1,922	(2,204)	1,025	1,466	2,947	(738)

(2) In May 2018, the Company obtained a management contract with a useful life of 18 years by acquiring a controlling interest in WPMC. Total consideration for this transaction was $43,621, which includes: (i) $8,168 in cash, (ii) $11,200 of stock in the form of Class D membership units, (iii) $17,012 fair market value of the previously held interest and (iv) $7,241 fair market value of the non-controlling interest. As a result of this acquisition, the previously held interest in WPMC was re-measured from $6,230 to $17,012, resulting in a gain of $10,782, which was recorded in *Income from investments, net* on the unaudited Condensed Interim Consolidated Statements of Operations in the three and six months ended June 30, 2018.

The purchases have been accounted for by the acquisition method, with the results included in the Company's net earnings from the date of acquisition. The fair value of the assets acquired and the liabilities assumed have been determined on a provisional basis utilizing information available at the time of the acquisition. Additional information is being gathered to finalize these provisional measurements, particularly with respect to intangible assets, working capital, and deferred income taxes. Accordingly, the measurement of assets acquired and liabilities assumed may change upon finalization of the Company's valuation and completion of the purchase price allocation, both of which are expected to occur no later than one year from the acquisition date. Pro-forma results of operations for WPMC are not presented because they are not material to our unaudited Condensed Interim Consolidated Statements of Operations.

Deferred acquisition costs

The Company makes advance payments to certain acquisition targets for which the transfer is pending certain regulatory approvals prior to the acquisition date.

As at June 30, 2018, the Company had the following deferred acquisition costs:

Acquisition Target	June 30, 2018
NYCANNA, LLC ("NYCANNA")	$ 8,921
Prime Wellness of Connecticut, LLC ("PWCT")	2,475
NCC, LLC ("NCC")	100
Deferred acquisition costs	**$ 11,496**

5. INTANGIBLE ASSETS AND GOODWILL

A reconciliation of the beginning and ending balances of goodwill and intangible assets is as follows:

	License	Management Contract	Accumulated Amortization	Intangible Assets, net	Goodwill
As at December 31, 2017	**$ 800**	**$ –**	**$ –**	**$ 800**	**$ 2,191**
SSBP (1)	–	4,277	(8)	4,269	–
D&B [2]	14,308	–	–	14,308	–
WPMC [2]	–	42,774	(196)	42,578	–
As at June 30, 2018	**$ 15,108**	**$ 47,051**	**$ (204)**	**$ 61,955**	**$ 2,191**

(1) In May 2018, the Company purchased a management contract with a useful life of 20 years through acquisition of South Shore BioPharma, LLC ("SSBP"), a management company located in Massachusetts, for a total consideration of $4,277, which included: (i) $416 in cash, (ii) $2,056 in seller's notes and (iii) $1,805 in Class D membership units. The Company determined the purchase did not qualify as a business combination as SSBP was not operational at the time of purchase.

(2) In May 2018, the Company completed its acquisition of D&B and WPMC. Refer to Note 4 for further details.

6. INVESTMENTS

The carrying values of the Company's investments in the unaudited Condensed Interim Consolidated Statements of Financial Position as at June 30, 2018 and December 31, 2017 are as follows:

	June 30, 2018	December 31, 2017
Investments in private entities	$ 24,568	$ 18,473
Investments in associates	3,825	8,269
Investments held for sale	–	7,006
Total	**$ 28,393**	**$ 33,748**

Income from investments, net in the Condensed Interim Consolidated Statements of Operations for the three and six months ended June 30, 2018 and 2017 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Investments in private entities	$ 6,173	$ 150	$ 6,353	$ 150
Investments in associates	10,851	1	10,889	167
Gain on investment held for sale	2,628	–	2,628	$ –
Total	**$ 19,652**	**$ 151**	**$ 19,870**	**$ 317**

Investments in private entities

The Company's investments in private entities as at June 30, 2018 and December 31, 2017 are as follows:

			Carrying Value		Ownership Interests	
Entity Name	**Entity Type**	**Primary state of operations**	**June 30, 2018**	**December 31, 2017**	**June 30, 2018**	**December 31, 2017**
San Felasco Nurseries, LLC ("SFN") [(1)]	Cultivation and Dispensary	Florida	$ 6,714	$ 6,714	7%	7%
PWCT [(2)]	Dispensary	Connecticut	1,750	1,750	18%	18%
Dixie Brands, Inc. [(2)]	Consumer Products	Colorado	3,050	3,050	4%	7%
NYCANNA [(3)]	Cultivation and Dispensary	New York	12,502	6,407	25%	20%
Kalyx Development, Inc. [(2)]	Real Estate Development	New York	552	552	9%	14%
			$ 24,568	**$ 18,473**		

Investments in private entities are measured at FVTPL and are classified as Level 3 in the fair value hierarchy. The following factors were considered in the fair value assessment as at the end of each reporting period:

(1) The Company reviewed comparable market transactions and determined no material changes to the investment's fair value was necessary. FLW, a consolidated subsidiary of the Company, owns 15% of SFN.

(2) The Company reviewed investment-specific financial information provided by the investee as well as comparable market transactions and determined no material change to the investment's fair value was necessary.

(3) This investment represents the Company's indirect interest in NYCANNA, a medical cannabis license holder in the State of New York formed on November 1, 2016. The Company has a 100% and 80% ownership interest in Impire as at June 30, 2018 and December 31, 2017, respectively, which in turn has a 50% ownership interest in NY Medicinal Research & Caring, LLC ("NYMRC"). NYMRC has a 50% ownership interest in NYCANNA. While as a result of this structure, Acreage indirectly has a 25% and 20% ownership interest in NYCANNA as at June 30, 2018 and December 31, 2017, respectively, the Company cannot exercise significant influence over NYCANNA because it does not control that ownership interest.

During the six months ended June 30, 2018, the Company reviewed comparable market transactions and recorded a gain of $6,095 in *Income (loss) from investments, net* in the Consolidated Statements of Operations.

Investments in associates

The Company's investments in associates as at June 30, 2018 and December 31, 2017 are as follows:

			Carrying Value		Ownership Interests	
Entity Name	**Entity Type**	**Primary state of operations**	**June 30, 2018**	**December 31, 2017**	**June 30, 2018**	**December 31, 2017**
WPMC [(1)]	Management Company	Maine	$ —	$ 6,230	83%	39%
NCC	Dispensary	Illinois	927	961	30%	30%
HSRC NorCal, LLC	Management Company	California	2,796	976	45%	45%
Prime Consulting Group, LLC ("PCG")	Management Company	Massachusetts	40	40	20%	20%
Prime Alternative Treatment Care Consulting, LLC ("PATCC")	Management Company	New Hampshire	62	62	12%	12%
			$ 3,825	**$ 8,269**		

(1) The Company re-measured its previously held interest in WPMC in connection with acquiring a controlling interest and recorded a gain of $10,782 in *Income (loss) from investments, net* in the Consolidated Statements of Operations in the three and six months ended June 30, 2018. Refer to Note 4 for further information.

Investments held for sale

In the fourth quarter of 2017, the Company initiated a plan to sell its equity interest in Compass Ventures, Inc., Greenhouse Compass, LLC, HSGH Properties, LLC and HSGH Properties Union, LLC (together, "Compass"). The entities hold licenses to operate multiple dispensaries and a cultivation facility in the state of Illinois. As at December 31, 2017, the Company owned approximately 47.5% of Compass, with carrying value of $7,006. The Company sold the Compass equity interest for cash proceeds of $9,634 in May 2018, recognizing a $2,628 gain on the sale.

7. PROMISSORY NOTES RECEIVABLE

	Principal					
	TGS [(i)]	**SFN [(ii)]**	**CCF [(iii)]**	**Other Notes Receivable [(iv)]**	**Interest Receivable**	**Total**
As at December 31, 2016	**1,800**	**–**	**–**	**828**	**153**	**2,781**
Principal additions	–	1,100	–	–		1,100
Interest earned	–	–	–	–	188	188
Payments	–	–	–	–	(44)	(44)
As at June 30, 2017	**1,800**	**1,100**	**–**	**828**	**297**	**4,025**
Principal additions	–	2,000	–	723	–	2,723
Equity investment converted to note	–	–	–	125	–	125
Interest earned	–	–	–	–	142	142
Payments	–	–	–	–	(28)	(28)
As at December 31, 2017	**$ 1,800**	**$ 3,100**	**$ –**	**$ 1,676**	**$ 411**	**$ 6,987**
Principal additions	–	–	2,000	965	–	2,965
Additions from business acquisition	–	–	–	814	–	814
Interest earned	–	–	–	–	135	135
Payments	(1,800)	–	–	(402)	(198)	(2,400)
As at June 30, 2018	**$ –**	**$ 3,100**	**$ 2,000**	**$ 3,053**	**$ 348**	**$ 8,501**

(i) Interest income related to the TGS note totaled $30 and $54 for the six months ended June 30, 2018 and 2017, respectively. In April 2018, the entire principal and accrued interest was repaid in the amount of $1,996.

(ii) On March 1, 2017, Acreage issued an unsecured convertible promissory note to SFN for a principal sum of $1,100 via FLW. The note bears interest at a rate of 12% per annum. Interest income on the promissory note totaled $21 and $44 for the six months ended June 30, 2018 and 2017, respectively. The note was deemed in default when it matured in March 2018, and as such, no further interest income was recorded past the date of default.

On October 17, 2017, Acreage issued an additional unsecured promissory note to SFN for a principal sum of $2,000. The note bears interest at a rate of 9% per annum compounded annually. Interest began to accrue on the 121st day after the issuance of the note, February 15, 2018. Interest income on the promissory note totaled $7 for the six months ended June 30, 2018. The note was deemed in default as at March 2018, and as such, no further interest income was recorded past the date of default.

Despite the delays in payment from SFN, the Company does not believe either note to be impaired. Given comparable industry transactions, the Company believes it will secure payment of the note along with the sale of our interest in SFN.

(iii) On June 26, 2018, Acreage issued a bridge loan note to Compassionate Care Foundation, Inc. ("CCF") for a principal sum of $2,000 and an interest rate of 18% per annum. As at June 30, 2018, the note was due on December 31, 2018. However, if Acreage satisfies certain conditions, including receiving New Jersey state approval, the loan will convert to the first advance of a revolving credit facility with an aggregate available commitment of $12,500 and interest rate of 18% per annum. The revolving credit loans would then mature 5 years from such date. In September 2018, a management contract was entered into with CCF, thereby converting the loan to a revolving line of credit. Refer to Note 16 for further details.

(iv) Primarily represents outstanding notes due from entities to which we provide management services as well as related parties. The interest rates on the notes range from 0-18%. Interest income on the notes amounted to $77 and $90 for the six months ended June 30, 2018 and 2017, respectively.

8. CAPITAL ASSETS, NET

As at June 30, 2018 and December 31, 2017 capital assets consist of:

	June 30, 2018	December 31, 2017
Land	$ 610	$ 610
Building	9,779	484
Construction in progress	2,846	9,764
Furniture, fixtures and equipment	1,747	160
Leasehold improvements	281	78
Capital assets, gross	**15,263**	**11,096**
Less: Accumulated depreciation	(287)	(57)
Capital assets, net	**$ 14,976**	**$ 11,039**

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	Accumulated Depreciation	Capital Assets, Net
As at December 31, 2016	**$ 679**	**$ (37)**	**$ 642**
Increase from capital expenditure	339	–	339
Disposals	(3)	–	(3)
Depreciation	–	(3)	(3)
As at June 30, 2017	**$ 1,015**	**$ (40)**	**$ 975**
Increase from capital expenditure	10,081	–	10,081
Depreciation	–	(17)	(17)
As at December 31, 2017	**$ 11,096**	**$ (57)**	**$ 11,039**
Increase from capital expenditure	4,121	–	4,121
Increase from business acquisition	46	–	46
Depreciation [(1)]	–	(230)	(230)
As at June 30, 2018	**$ 15,263**	**$ (287)**	**$ 14,976**

(1) Depreciation includes $159 that was capitalized to biological assets and inventory.

9. BIOLOGICAL ASSETS AND INVENTORY

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the lowest estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle and the fail rate at each respective stage.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is sixteen weeks from propagation to harvest;
- The average harvest yield of whole flower is 172 grams per plant; and
- The average selling price, which is determined by estimating the lowest wholesale value of cannabis on a state-by-state basis, is $9 per gram.

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's expected sales price going forward as sales commenced for flower in August 2018.

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As at June 30, 2018, the biological assets were on average, 42% complete, and it is expected that the Company's biological assets will ultimately yield approximately 380 lbs of cannabis.

As at June 30, 2018 and December 31, 2017 inventory consists of:

	June 30, 2018	December 31, 2017
Retail inventory	$ 577	$ 421
Cultivation inventory	671	–
Supplies & other	290	42
Total	**$ 1,538**	**$ 463**

A reconciliation of the beginning and ending balances of biological assets is as follows:

		Amount
As at December 31, 2017	**$**	**–**
Production cost capitalized		560
Depreciation cost capitalized		159
Changes in fair value less costs to sell due to biological transformation		979
Transferred to inventory upon harvest		(671)
As at June 30, 2018	**$**	**1,027**

10. DEBT

The Company's debt balances consist of the following:

		June 30, 2018		December 31, 2017
Senior secured convertible notes	$	28,618	$	27,087
Loan payable		521		531
Promissory notes payable		12,338		–
Total debt		**41,477**		**27,618**
Less current portion		(9,668)		(20)
Total non-current debt	**$**	**31,809**	**$**	**27,598**

Senior secured convertible notes

Between June and November of 2017, the Company issued senior secured convertible notes (the "Notes") for a total principal amount of $31,294, net of issuance costs, of which $4,797 were issued as at June 30, 2017. The Notes mature on November 15, 2020. Interest payable on the outstanding principal accrues at a rate of 10% per annum, payable quarterly in cash or additional Class A membership units, at the election of the holders of the Notes.

The Notes contain both a conversion option and a warrant, which are classified as derivative liabilities and recognized at fair value through profit or loss. The fair values of the warrants and the conversion options as at June 30, 2018 and December 31, 2017 of $8,873 and $2,897, respectively, were calculated using a Black-Scholes model with a Monte Carlo simulation, with the following assumptions:

	June 30, 2018	December 31, 2017
Risk-free rate	2.33%	1.83%
Expected dividend yield	—%	—%
Expected term (in years)	0.86	1.36
Volatility	80.00%	73.00%

The interest expense related to the Notes for the six months ended June 30, 2018 and 2017 consists of the following:

	Six months ended June 30,	
	2018	**2017**
Cash interest	$ 598	$ 5
PIK interest	972	41
Accretion [(1)]	1,531	–
Total interest expense	**$ 3,101**	**$ 46**

(1) Accretion includes amortization of the discount related to the original issue discount, warrant, conversion option and certain issuance costs allocated to convertible debt.

Loan payable

NCC Real Estate, LLC ("NCC RE"), which is owned by the Company's consolidated subsidiary HSC Solutions, LLC, entered into a $550 secured loan with a financial institution for the purchase of a building in Rolling Meadows, Illinois in December 2016. The building houses operations of NCC. The promissory note payable carries a fixed interest rate of 3.7%. Interest expense related to loan payable for the six months ended June 30, 2018 and 2017 totaled $10 in both periods.

Promissory notes payable

	Principal				
	D&B (i)	**SSBP (ii)**	**Other Notes Payable (iii)**	**Interest Payable**	**Total**
As at December 31, 2017	$ –	$ –	$ –	$ –	$ –
Principal Additions	11,150	2,056	1,615	–	14,821
Interest expense	–	–	–	57	57
Payments	(2,450)	–	(33)	–	(2,483)
As at June 30, 2018	**$ 8,700**	**$ 2,056**	**$ 1,582**	**$ 57**	**$ 12,395**

(i) Relates to the promissory note issued in connection with acquisition of D&B in May 2018. Refer to Note 4 for further information.

(ii) Relates to the promissory note issued in connection with acquisition of SSBP in May 2018. Refer to Note 5 for further information.

(iii) Represents $855 of notes payable issued in connection with the pending NYCANNA acquisition and $760 in seller's notes issued in connection with the acquisition of Cannabliss. Refer to Note 4 and Note 11 for further information.

11. MEMBERS' EQUITY AND EQUITY-BASED COMPENSATION

Members' Equity

Pursuant to the Company's Amended Operating Agreement dated April 2018 and subsequent amendments thereto, the Company is authorized to issue up to 28,000,000 Class A membership units, 20,000,000 Class B membership units, 6,000,000 Class C membership units, 8,750,000 Class C-1 membership units, 43,000,000 Class D membership units and 19,354,840 Class E membership units. All classes, except for Class C-1 units, include voting rights.

During the six months ended June 30, 2018, the Company issued 3,143,272 Class D units in exchange for $31 cash as well as certain asset and business acquisitions and non-controlling interest purchases. Refer to Note 4 and Note 5 and the "Non- controlling interests" section below for further information.

During the six months ended June 30, 2018, the Company issued 16,699,104 Class E units in exchange for $100,005, net of equity issuance costs.

Equity-based compensation

During the six months ended June 30, 2018, the Company granted 3,838,000 Class C-1 membership units to certain employees, directors and consultants as compensation for services. These membership units qualify as profits interests for U.S federal income tax purposes and were accounted for in accordance with IFRS 2 - Share-based payment. The Company amortizes awards over service period and until awards are fully vested.

The following table summarizes the status of unvested awards as at June 30, 2018 and changes during the period from December 31, 2017 through June 30, 2018:

(Per unit information expressed in whole dollars)	Total Units		Weighted Average Grant Date FMV per unit
Unvested as at December 31, 2017	–	$	–
Class C-1 units granted	3,838,000		0.43
Class C-1 vested	(1,515,000)		0.43
Unvested as at June 30, 2018	**2,323,000**	**$**	**0.43**

The Company recorded $826 as compensation expense in connection with these awards during the six months ended June 30, 2018. As at June 30, 2018, unamortized expense related to unvested awards totaled $825.

Non-controlling interests

In January 2018, the Company purchased the remaining 51% non-controlling interest in HSCP Oregon, LLC for a total consideration of $500, which included $400 cash and $100 forgiveness of a shareholder advance. The carrying value of the non-controlling interest on the date of the transaction was a deficit of $953, resulting in a decrease in *Contributed Capital* on the unaudited Condensed Interim Consolidated Statements of Members' Equity of $1,453.

In May 2018, the Company purchased the remaining 20% non-controlling interest in MMRC for a total consideration of $203 in cash. The carrying value of the non-controlling interest on the date of the transaction was a deficit of $15, resulting in a decrease in *Contributed Capital* on the unaudited Condensed Interim Consolidated Statements of Members' Equity of $218.

In June 2018, the Company purchased the remaining 35% non-controlling interest in Cannabliss for a total consideration of $1,311, which included $301 cash, $760 in seller's notes and $250 in Class D membership units. The carrying value of the non-controlling interest on the date of the transaction was $100, resulting in a decrease in *Contributed Capital* on the unaudited Condensed Interim Consolidated Statements of Members' Equity of $1,211.

In June 2018, the Company purchased the remaining 20% non-controlling interest in Impire in exchange for $2,500 in the form of Class D membership units. The carrying value of the non-controlling interest on the date of the transaction was $2,379, resulting in a decrease in *Contributed Capital* on the unaudited Condensed Interim Consolidated Statements of Members' Equity of $121.

12. COMMITMENTS & CONTINGENCIES

Commitments

The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases as at June 30, 2018:

Period		Amount
Not later than one year	$	803
Later than one year and not later than five years		1,408
Later than five years		47
Total	$	2,258

The Company has the following commitments related to its investments:

In November 2017, Acreage committed to $7,000 to MA RMD SVCS, LLC for capital expenditures and working capital needs. The unfunded commitment as at June 30, 2018 totaled $7,000.

The Company is subject to other capital commitments and similar obligations. As at June 30, 2018 and December 31, 2017 such amounts were not material.

Contingencies
The Company may be, from time to time, subject to various administrative, regulatory and other legal proceedings arising in the ordinary course of business. Contingent liabilities associated with legal proceedings are recorded when a liability is probable, and the contingent liability can be reasonably estimated.

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as at June 30, 2018, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

The Company had been in litigation with a consultant in connection with compensation for certain services performed in 2017. As a result, the Company recorded approximately $1,000 of accrued expenses as at December 31, 2017, and satisfied the liability in June 2018.

During 2017, the Company entered into a consulting agreement with a contingency fee of $200 payable in the event it raised more than $40,000 in capital. The threshold was reached in the second quarter of 2018 and the payment was made accordingly. The contingent fee was recorded in the period the contingency requirement was met.

13. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement
NCC has a 5-year lease with NCC RE, an entity in which the Company's wholly-owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning December 2016. The total amount of rent paid by NCC for the six months ended June 30, 2018 and 2017 is $54 and $56, respectively.

Common ownership
A managing member of HSCPM, maintains an individual ownership interest in three of the Company's portfolio companies, WPMC (1.5%), PWCT (3.0%) and NCC (1.0%).

Related party promissory notes receivable
Acreage has certain outstanding notes receivable with related parties. Refer to Note 7 for further information.

Other current assets
In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable. These notes bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense. The remaining $315 was forgiven and recognized as compensation expense in the six months ended June 30, 2018.

14. INCOME TAXES

Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

A reconciliation of income to taxable income for the six months ended June 30, 2018 and 2017 is as follows:

	Six months ended June 30,	
	2018	**2017**
Income (loss) before income taxes	$ 2,405	$ (1,796)
Add: loss from pass-through entities	(1,874)	2,149
Add: expenses not deductible in the U.S.	641	678
Taxable income	$ 1,172	$ 1,031
Tax rate	36%	40%
Income tax expense - current year	$ 418	$ 408
Income tax expense - prior year	65	–
Total income tax expense	$ 483	$ 408

15. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assess the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/ or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at June 30, 2018 is the carrying amount of cash and cash equivalents, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at June 30, 2018, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal

law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the six months ended June 30, 2018.

16. SUBSEQUENT EVENTS

General developments:

Capital raise - Class E
From July to August 2018, the Company raised additional $16,041, net of accrued commissions and offering costs, in exchange for 2,653,039 Class E membership units.

Proposed reverse takeover
In September 2018, the Company entered into a definitive business combination agreement pursuant to which the Company will complete a reverse takeover of Applied Inventions Management Corp. ("AIM"), a registered issuer in the Province of Ontario, and the securityholders of the Company will hold substantially all of the outstanding securities of AIM following the proposed transaction. Immediately prior to the transaction, AIM will undertake a number of actions to prepare its share structure for the proposed transaction. An application has been made to list the resulting issuer's subordinate voting shares on the Canadian Securities Exchange. Following the transaction, the former securityholders of AIM will own CAD$1,500 shares of the resulting issuer, which will be renamed "Acreage Holdings, Inc."

New York outstanding litigation
On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against

it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Pro-forma results of operations for the below acquisitions are not presented because they are not material to our Condensed Interim Consolidated Statements of Operations. The majority of the entities listed below were non-operational at the time of acquisition. We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

PATCC
In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $16,082, which included Class D units and seller's notes.

MA RMD SVCS, LLC
In July 2018, the Company acquired all remaining non-controlling interests in MA RMD SVCS, LLC, a management company located in Scituate, Massachusetts. The consideration for this transaction totaled $9,364, consisting of cash, Class D units and seller's notes.

Greenleaf Ohio
The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The Company paid total consideration of $16,500, consisting of cash, Class D units and seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities.

Prime Wellness Centers, LLC ("PWC")
In August 2018, the Company acquired the all interests in license holder PWC, a vertically integrated operator of three dispensaries and a cultivation facility, all located in Massachusetts, which was formerly managed by PCG, a management company in which the Company owned a 20% equity interest. Total consideration was approximately $22,717, consisting of cash, Class D units and seller's notes.

NYCANNA
In August 2018, the Company acquired all remaining ownership interests in NYCANNA, LLC, a vertically integrated for-profit license holder located in New York for total consideration of $37,646, consisting of cash, Class D units and seller's notes.

PWCT
In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South Windsor, Connecticut for a total consideration of $10,076, consisting of cash, Class D units and seller's notes.

CCF
In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services for a monthly fee based on product sales. The management agreement will terminate and any outstanding obligations will convert to an ownership interest should New Jersey pass a law allowing recreational sales.

WPMC
In September 2018, the Company increased its ownership in WPMC from 83% to 87% in exchange for $1,225 in Class D units.

PWPA
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, a cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

FLW
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC
In October, the Company entered into a Securities Purchase Agreement with In Grown Farms 2, LLC ("IGF"), an Illinois cultivation license holder, pursuant to which the Company will acquire IGF for a total purchase price of $15,500. The purchase price will be paid as follows: $8,000 will be payable on the closing date, $6,500 will be paid on January 15, 2019 (assuming the transaction has closed) and $1,000 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

Schedule "F"

ACREAGE HOLDINGS' MD&A FOR THE THREE AND

SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Acreage Holdings (the "**Company**", "**we**", "**our**", "**us**" or "**Acreage**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Statement Regarding Forward-Looking Statements", located at the beginning of this listing statement. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 9, 2018.

2. OVERVIEW OF THE COMPANY

Acreage was founded by Kevin Murphy in April of 2014 to invest in the burgeoning United States ("U.S.") regulated cannabis market. Historically, Acreage's principal business activity was to make debt and equity capital investments in existing cannabis license holders, cannabis license applicants and related management companies. These portfolio companies were party to financing and consulting services agreements with the Company in states throughout the U.S. where medical and/or adult use of cannabis is legal. Such investments included (but were not limited to) debt securities (secured or unsecured), convertible debt instruments, LLC membership interests and common or preferred equity securities issued by the portfolio company.

In 2018, the Company continued the process of obtaining controlling positions in nearly all portfolio companies under its ownership with the intent of becoming a single cohesive company operating across multiple states. The Company strives towards controlling as much of the supply chain as possible on a national and global scale, while also expanding investment in new cannabis technologies and products. The Company will seek to leverage its breadth of operations and first-mover advantage to create enduring brands and intellectual property that will have enduring value as the market matures and becomes increasingly competitive.

The Company has invested in geographically diverse licensed entities that operate in both adult use and medical authorized states. As at June 30, 2018, the Company's portfolio companies include assets comprised of state licensed dispensaries, cultivation and processing facilities, and other cannabis related companies across 13 states. In states where medical cannabis license holders may only be non-profit entities, the Company provided, and continues to provide, management services to the respective non-profit medical cannabis license holders on a contractual basis.

Today, the Company is one of the leading vertically integrated, multi-state cannabis operators in the U.S. Headquartered in New York City, the Company has one of the largest footprints of any cannabis company in the U.S. and is dedicated to building and scaling operations to create a seamless, consumer-focused, branded cannabis experience. The Company has a mission to champion and provide access to the beneficial properties of cannabis by creating the highest-quality products and experiences. We have fostered strong partnerships with regulators, physicians and medical researchers, with the aim of setting a new standard for the industry. As legislation and regulations evolve, we are poised to build on our leadership position by expanding our footprint and capabilities in bringing safe, affordable cannabis to the market. We deeply believe in the transformational power that cannabis has to heal and change the world.

<u>Highlights from the three and six months ending June 30, 2018</u>

- We successfully completed a Class E funding round, securing approximately $119 million of additional capital, the largest private funding round in U.S. cannabis industry history. The combination of the capital raised and the roll-up of our subsidiaries cements Acreage as one of the best capitalized companies in the industry, with a footprint that is second to none.
- We have completed the roll-up of our portfolio companies, pending some regulatory approval and certain conditions to close.

- We acquired all interests in license holder D&B Wellness, LLC ("D&B") in May 2018.
- We acquired a controlling interest in the Wellness and Pain Management Connection, LLC ("WPMC") in May 2018, making our Maine operation the dominant provider in the state with 50%+ market share, operating 4 of the state's 8 dispensaries.
- We appointed the former Speaker of the U.S. House of Representatives John Boehner and former Governor of the State of Massachusetts Bill Weld to our advisory board. Both Mr. Boehner and Mr. Weld bring immense experience in government affairs and unmatched leadership to help drive Acreage towards our strategic mission.
- We made several key senior management hires, bringing on board a President, Chief Operating Officer, Chief Financial Officer and Head of Retail Operations.
- We have significantly enhanced our controls and finance processes by adding a significant amount of strength in tax, financial planning, financial reporting and controllership at our affiliates and at the corporate level. These changes have positioned us well to handle our upcoming listing on the Canadian Securities Exchange.

Operational and Regulation Overview

Acreage's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in the states which we operate. As at June 30, 2018, the Company had consolidated operations in the following states:

Oregon

The Oregon Medical Marijuana Act (the "Act") was established in 1998 for limited non-commercial use. The Act removed criminal penalties for medical marijuana for patients with debilitating medical conditions whose doctor verified the condition and that medical marijuana may help it. Qualifying conditions include, but are not limited to, cancer, chronic pain, glaucoma and HIV/ AIDS. Non-medical cultivation and use of marijuana in Oregon was approved in 2014. Effective January 1, 2017, marijuana was able to be sold for recreational use only by businesses that have obtained a recreational license. Such businesses can also sell marijuana for medical use. Medical marijuana dispensaries that had not obtained a recreational license were no longer permitted to sell marijuana for recreational use after 2016. The state of Oregon does not have a limit on the number of dispensary, cultivation or processing licenses available for issuance.

The Company's Oregon subsidiaries hold five recreational dispensary licenses and one cultivation license is pending.

Holding Entity	City	Description	Status
East 11th Inc. Sorority	Eugene	Dispensary Facility	Issued
22nd and Burn Inc.	Portland	Dispensary Facility	Issued
Firestation 23, Inc.	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Springfield	Dispensary Facility	Issued
HSCP Oregon LLC	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Medford	Cultivation Facility	Pending

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 and provides state residents access to the program who suffer from one of the 17 qualifying serious conditions, including, but not limited to, epilepsy, chronic pain, HIV/ AIDS, cancer and post-traumatic stress disorder ("PTSD"). The program allows the Pennsylvania Department of Health to issue up to 25 cultivation and processing permits and 50 dispensary permits. Each dispensary permit holder can open up to three locations. On June 29, 2017, The Pennsylvania Department of Health issued 12 cultivation and processing permits and 27 dispensary permits. Prime Wellness of Pennsylvania, LLC, a consolidated subsidiary of the Company, was issued one cultivation and processing permit.

Maryland

The Maryland Medical Cannabis Commission ("MMCC") was established in May 2013, and the program became operational and sales began on December 1, 2017. The MMCC was created to analyze and study the use of medical cannabis and to develop policies, procedures and regulations to implement programs that ensure medical cannabis is available to qualifying patients in a safe and effective manner. The program was written to allow access to medical cannabis for patients with conditions that are considered severe for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma

and PTSD. The MMCC oversees all licensing, registration, inspection and testing measures pertaining to Maryland's medical marijuana program and provides relevant program information to patients, providers, caregivers, cultivators, processors, dispensaries and testing laboratories.

The MMCC has issued a limited number of dispensary, cultivation and processing licenses. There are currently 50 state licensed dispensaries, 14 cultivators and 13 processors throughout Maryland. Maryland Medicinal Research & Caring, LLC, a consolidated subsidiary of the Company, was awarded one dispensary license. As at June 30, 2018, the Company's build-out of its facilities was complete and the license became active in the third quarter of 2018.

Connecticut

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. The DCP has issued a limited amount of dispensary and producer licenses. There are currently nine state-licensed dispensaries, of which Acreage holds two, and four cultivators that operate throughout Connecticut.

Maine

Maine has allowed prescribing and limited possession of medical marijuana since 1999, but the law lacked any distribution mechanism. On November 3, 2009 a referendum approved medical-grade marijuana to be dispensed by licensed dispensaries to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and PTSD. The Company has an investment in WPMC, which provides management and operational services to The Wellness Connection, a non- profit entity holding four dispensary certificates of registration and one cultivation and processing certificate of registration.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Revenues, net	$ 2,951	$ 1,853	1,098	59%	$ 5,148	$ 3,443	1,705	50%
Cost of goods sold	(1,762)	(946)	(816)	(86)	(3,228)	(2,150)	(1,078)	(50)
Gross profit, excluding fair value items	1,189	907	282	31	1,920	1,293	627	48
Unrealized fair value gain on growth of biological assets	446	–	446	n/m	979	–	979	n/m
Gross profit	1,635	907	728	80	2,899	1,293	1,606	124
Total operating expenses	(5,374)	(1,376)	(3,998)	(291)	(10,348)	(3,602)	(6,746)	(187)
Total other income, net	10,094	239	9,855	n/m	9,854	513	9,341	n/m
Income tax expense	(247)	(204)	(43)	(21)	(483)	(408)	(75)	(18)
Net income (loss)	$ 6,108	$ (434)	6,542	n/m	$ 1,922	$ (2,204)	4,126	n/m

	June 30, 2018	December 31, 2017	Change $	Change %
Inventory	$ 1,538	$ 463	1,075	232%
Biological assets	1,027	–	1,027	n/m
Total assets	224,060	73,009	151,051	207
Long-term liabilities	47,930	32,470	15,460	48

n/m - Not meaningful

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Revenues

The Company derives its revenues from retail dispensary businesses where cannabis and cannabis-infused products are sold to consumers. Acreage has 5 operational dispensary facilities in Oregon; 3 in Portland, 1 in Eugene and 1 in Springfield. The Company is currently constructing a cultivation and processing facility in Medford, and the site will also house a sixth dispensary upon completion.

Revenues increased by $1,098, or 59%, to $2,951 and $1,705, or 50%, to $5,148 in the three and six months ended June 30, 2018, respectively. The increase in revenues was driven by improved performance from 22nd & Burn, Inc., The Firestation 23, Inc. and East 11th, Inc. (together "Cannabliss"), the benefit from our Powell dispensary being operational for a full period (commenced in March 2017) and the additional contribution from D&B following its acquisition on May 31, 2018.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold, plus or minus the fair value changes in biological assets for the period. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includesallocations of rent, administrative salaries, utilities and related costs. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold increased $816, or 86%, to $1,762 and $1,078, or 50%, to $3,228 in the three and six months ended June 30, 2018, respectively, driven by increased sales from Cannabliss, a full year of operations at our Powell dispensary, and the cost of sales from the newly acquired D&B.

Gross profit increased $728, or 80%, to $1,635 and $1,606, or 124%, to $2,899 in the three and six months ended June 30, 2018, respectively. The Company had a fair value adjustment of $446 and $979 for the three and six months ended June 30, 2018, pertaining to biological assets related to our Pennsylvania location. Prior to fair value adjustments, gross profit increased $282, or 31%, to $1,189 and $627, or 48%, to $1,920 in the three and six months ended June 30, 2018, respectively. Gross profit margin prior to fair value adjustments for the three and six months ended June 30, 2018 was 40% and 37%, respectively, compared to 49% and 38% for the three and six months ended June 30, 2017, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices and operational subsidiaries, personnel costs including salaries, incentive compensation, benefits and share based compensation, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support our aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to incur acquisition and transaction costs related to our expansion plans. We anticipate a significant increase in stock compensation expense related to recruiting and hiring talent, as well as increases in accounting, legal and professional fees associated with planning to be a publicly traded company.

Total operating expenses increased $3,998, or 291%, to $5,374 and $6,746, or 187%, to $10,348 in the three and six months ended June 30, 2018, respectively. The increases were driven by increased general and administrative expenses, reflecting the increased volume and complexity of services required as the Company's operations increased over the year, increased legal and other professional fees incurred from the roll up and issuance of the Class E membership units, increased compensation expenses driven by stock compensation from the issuance of profits interest units to certain employees for services and the increased headcount from the scaling up of operations.

Total other income, net

Total other income, net for the three and six months ended June 30, 2018 was $10,094 and $9,854, an increase of $9,855 and $9,341, respectively, compared to the prior year periods. The increase was primarily driven by income from investments due to the re-measurement of Acreage's existing interest in WPMC following the acquisition of a controlling interest, the re-measurement of NY Medicinal Research & Caring, LLC upon Acreage's acquisition of the remaining non-controlling interest in Impire State Holdings, LLC and the gain on sale of Compass Ventures, Inc. ("Compass"), partially offset by a loss from derivative valuation and increased interest expense.

Net income (loss)
Net income for the three months ended June 30, 2018 was $6,108, compared to a net loss of $434 for the three months ended June 30, 2017, an improvement of $6,542. Net income for the six months ended June 30, 2018 was $1,922, compared to a net loss of $2,204 for the six months ended June 30, 2017, an improvement of $4,126. The changes in net income (loss) are driven by the factors discussed above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, acquisitions, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. To date, we have used private and/or public financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our ability to fund our operations, to make planned capital expenditures, to acquire other entities or investments, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the six months ended June 30,		Change	
	2018	2017	$	%
Net cash used in operating activities	$ (15,276)	$ (1,958)	(13,318)	(680)%
Net cash used in investing activities	(16,074)	(9,544)	(6,530)	(68)
Net cash provided by financing activities	101,111	7,977	93,134	n/m
Change in cash	$ 69,761	$ (3,525)	73,286	n/m

n/m - Not meaningful

As at June 30, 2018, we had $85,992 of cash, $7,258 of restricted cash and $79,235 of working capital surplus (current assets minus current liabilities), compared with $1,771 of cash and cash equivalents, no restricted cash and $688 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash used in operating activities
Net cash used in operating activities was $15,276 for six months ended June 30, 2018, an increase of $13,318, or 680%, compared to $1,958 for the six months ended June 30, 2017. The increase is primarily driven by higher usage of cash in current year accounts payable and accrued liabilities due to timing of payments and an increase of general and administrative expenses and compensation expense.

Cash used in investing activities
Net cash used in investing activities was $16,074 for the six months ended June 30, 2018, an increase of $6,530, or 68%, compared to $9,544 for the six months ended June 30, 2017.

Cash used in investing activities for the six months ended June 30, 2018 of $16,074 primarily consists of $11,216 of deferred acquisition costs, $8,483 for the purchases of management contracts and licenses, $3,740 of capital additions for the construction of the Oregon and Pennsylvania facility and other capital assets, $2,965 of promissory notes issued and $1,821 of funds disbursed for investments, partially offset by $9,634 from proceeds on sale of investment of the Company's equity interest in Compass and $2,202 of promissory note collections.

The primary outflows for the six months ended June 30, 2017 were $8,325 of funds disbursed for investments in equity and $1,100 of promissory notes issued.

Cash provided by financing activities
Net cash provided by financing activities was $101,111 for the six months ended June 30, 2018, an increase of $93,134 compared to $7,977 for the six months ended June 30, 2017.

The inflow of $101,111 for the six months ended June 30, 2018 primarily consists of $101,785 of proceeds from the issuance of membership units and $2,729 of capital contributions from non-controlling interests, partially offset by $2,493 of loan repayment related to the D&B purchase.

The primary inflows for the six months ended June 30, 2017 were $4,626 proceeds from the convertible note issued and $3,412 of capital contributions from non-controlling interests.

Contractual obligations

The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	803
Later than one year and not later than five years		1,408
Later than five years		47
Total	$	2,258

The Company has the following commitments related to its investments:

In November 2017, Acreage committed to $7,000 to MA RMD SVCS, LLC for capital expenditures and working capital needs. The unfunded commitment as at June 30, 2018 totaled $7,000.

The Company is subject to other capital commitments and similar obligations. As at June 30, 2018 such amounts were not material.

5. OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement

NCC, LLC ("NCC") has a 5-year lease with NCC Real Estate, LLC, an entity in which the Company's wholly-owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning in December 2016. The total amount of rent paid by NCC for the six months ended June 30, 2018 and 2017 is $54 and $56, respectively.

Common ownership

A managing member of High Street Capital Partners Management, LLC, ("HSCPM") maintains an individual ownership interest in three of the Company's portfolio companies, WPMC (1.5%), Prime Wellness of Connecticut, LLC ("PWCT") (3.0%) and NCC (1.0%).

Related party notes receivable

As described in Note 7 of the consolidated financial statements, Acreage has outstanding notes with related parties totaling $3,053 and $1,676 as at June 30, 2018 and December 31, 2017, respectively. The interest rates on the notes range from 0-18%. Interest income on the notes amounted to $77 and $90 for the six months ended June 30, 2018 and 2017, respectively.

Other current assets

In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable. These notes bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense. The remaining $315 was forgiven and recognized as compensation expense in the six months ended June 30, 2018.

7. PROPOSED TRANSACTIONS

General developments:

Capital raise - Class E

From July to August 2018, the Company raised additional $16,041, net of accrued commissions and offering costs, in exchange for 2,653,039 Class E membership units.

Proposed reverse takeover

In September 2018, the Company entered into a definitive business combination agreement pursuant to which the Company will complete a reverse takeover of Applied Inventions Management Corp. ("AIM"), a registered issuer in the Province of Ontario, and the securityholders of the Company will hold substantially all of the outstanding securities of AIM following the proposed transaction. Immediately prior to the transaction, AIM will undertake a number of actions to prepare its share structure for the proposed transaction. An application has been made to list the resulting issuer's subordinate voting shares on the Canadian Securities Exchange. Following the transaction, the former securityholders of AIM will own CAD$1,500 shares of the resulting issuer, which will be renamed "Acreage Holdings, Inc."

New York outstanding litigation

On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, LLC ("NYCANNA"), Impire State Holdings, LLC ("Impire"), NY Medicinal Research & Caring, LLC ("NYMRC") (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Pro-forma results of operations for the below acquisitions are not presented because they are not material to our Condensed Interim Consolidated Statements of Operations. The majority of the entities listed below were non-operational at the time of acquisition. We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

Prime Alternative Treatment Care Consulting, LLC ("PATCC")

In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $16,082, which included Class D Units and seller notes.

MA RMD SVCS, LLC

In July 2018, the Company acquired all remaining non-controlling interests in MA RMD SVCS, LLC, a management company located in Scituate, Massachusetts. The consideration for this transaction totaled $9,364, consisting of cash, Class D Units and seller notes.

Greenleaf Ohio

The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The Company paid total consideration of $16,500, consisting of cash, Class D units and seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities.

Prime Wellness Centers, LLC ("PWC")

In August 2018, the Company acquired the all interests in license holder PWC, a vertically integrated operator of three dispensaries and a cultivation facility, all located in Massachusetts, which was formerly managed by Prime Consulting Group, LLC, a management company in which the Company owned a 20% equity interest. Total consideration was approximately $22,717, consisting of cash, Class D units and seller's notes.

NYCANNA, LLC
In August 2018, the Company acquired all remaining ownership interests in NYCANNA, LLC, a vertically integrated for-profit license holder located in New York for total consideration of $37,646, consisting of cash, Class D units and seller's notes.

Prime Wellness of Connecticut, LLC ("PWCT")
In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South Windsor, Connecticut for a total consideration of $10,076, consisting of cash, Class D units and seller's notes.

Compassionate Care Foundation, Inc. ("CCF")
In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services for a monthly fee based on product sales. The management agreement will terminate and any outstanding obligations will convert to an ownership interest should New Jersey pass a law allowing recreational sales.

The Wellness & Pain Management Connection, LLC ("WPMC")
In September 2018, the Company increased its ownership in WPMC from 83% to 87% in exchange for $1,225 in Class D units.

Prime Wellness of Pennsylvania, LLC ("PWPA")
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, a cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

Florida Wellness, LLC ("FLW")
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC
In October, the Company entered into a Securities Purchase Agreement with In Grown Farms 2, LLC ("IGF"), an Illinois cultivation license holder, pursuant to which the Company will acquire IGF for a total purchase price of $15,500. The purchase price will be paid as follows: $8,000 will be payable on the closing date, $6,500 will be paid on January 15, 2019 (assuming the transaction has closed) and $1,000 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the review affects both current and future periods. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial instruments
The Company evaluates the fair value of investments at the end of each reporting period. In addition to investment-specific information, the Company considers general market trends, conditions and transactions. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

The fair value of investments may be adjusted if:

- There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- There have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value;
- The investee company is placed into receivership or bankruptcy;
- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- The investee company makes important positive/negative management changes that the Company's management believes will have a positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustment to the fair value of the investments will be based upon management's judgment and any value estimated may not be realized or realizable. Refer to Note 6 of the consolidated financial statements for discussion of current period fair value adjustments.

Derivative liabilities

The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Black-Scholes model with a Monte Carlo simulation. Critical estimates and assumptions used in the model are discussed in Note 10 of the consolidated financial statements.

Income taxes

Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

Income tax expense is recognized in the Consolidated Statements of Operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measures using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxing authority and the Company intends to settle its current tax assets and liabilities on a net basis.

At June 30, 2018 and December 31, 2017, deferred tax assets and liabilities were immaterial.

Certain Acreage subsidiaries are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax- related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

As discussed above, the Company has taken the position that any costs included in cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance. The Company exercises significant judgments in determining the amounts to include within cost of goods sold, which include allocations of overhead attributable to sales calculated using identifiable metrics such as employee time sheets and square footage.

Business combinations
Judgement is required to determine when the Company gains control of an investment. This requires an assessment of the relevant activities of the investee that significantly affect its returns, including operating and capital expenditure decision-making, financing of the investee, key management personnel changes and when decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Investments in which the Company does not gain control are accounted for as investments in associates (if the Company has significant influence) or as investments in private entities (if the Company has no significant influence). Refer to Note 4 and Note 6 of the consolidated financial statements for further discussion.

Impairment on promissory notes receivable
At each reporting date the Company assesses whether there is objective evidence that a promissory note receivable is impaired. A promissory note receivable is deemed to be impaired, if, and only if, there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the note and that event has an impact on the estimated future cash flows of the promissory note receivable. Refer to Note 14 of the consolidated financial statements for further discussion on credit risk.

Impairment on investments in associates
An impairment loss on an investment in an associate is measured by comparing the recoverable amount of the investment with its carrying amount. The Company must assess several factors, such as the market conditions, potential buyers and the performance of the associate to determine the recoverable amount. See Note 6 of the consolidated financial statements for further discussion.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The Company's condensed interim consolidated financial statements have been prepared following substantially the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2017, except as noted below.

The Company implemented the following additional policies beginning January 1, 2018:

Restricted cash
Restricted cash represents funds contractually held for specific purposes and, as such, not available for general corporate purposes.

Deposits
Deposits represent refundable proceeds related to the issuance of Class E units.

Revenue recognition
The IASB's new revenue recognition standard IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was adopted by the Company on January 1, 2018. The new standard replaces IAS 18 - Revenue, and provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adoption. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the good to the customer. Revenue from management contracts is recognized over time as the management services are provided.

Biological assets and inventory
In accordance with IAS 41 - Agriculture, the Company's biological assets are measured at fair value less costs to sell up to the point of harvest. The Company capitalizes all direct and indirect costs as they are incurred, which include the direct costs of seeds and growing materials and indirect costs such as utilities and allocated labor, depreciation and overhead costs. These costs are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations in

the period in which the related product is sold. The unrealized fair value adjustments on growth of biological assets are recorded in a separate line on the unaudited Condensed Interim Consolidated Statements of Operations.

The Company's inventories initially include the fair value of the biological assets at the time of harvest. They also include subsequent costs to prepare the product for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and allocated labor. All direct and indirect costs related to inventory are capitalized when they are incurred, and they are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations, except for the realized fair value amounts included in inventory sold which are recorded on a separate line item. Inventory is valued at the lower of cost and net realizable value.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assess the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at June 30, 2018 is the carrying amount of cash and cash equivalents, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at June 30, 2018, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the six months ended June 30, 2018.

11. OUTSTANDING SHARE DATA

During the six months ended June 30, 2018, the Company issued 3,143,272 Class D units for certain asset and business acquisitions and non-controlling interest purchases. Refer to Note 4, Note 5 and Note 11 of the condensed interim consolidated financial statements for further information.

During the six months ended June 30, 2018, the Company issued 16,699,104 Class E units in exchange for $100,005, net of equity issuance costs.

During the six months ended June 30, 2018, the Company granted 3,838,000 Class C-1 membership units to certain employees, directors and consultants as compensation for services. These membership units qualify as profits interests for U.S. federal income tax purposes.

The following share capital data is current as of the date of this document:

Shares Outstanding

(expressed in units)	**Balance**
Class A units	26,928,608
Class B units	20,000,000
Class C units	6,000,000
Class C-1 units	7,488,000
Class D units	17,018,390
Class E units	19,352,143
Total	**96,787,141**

SCHEDULE "G"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

(see attached)

ACREAGE HOLDINGS
Pro Forma Consolidated Statement of Financial Position
As at June 30, 2018
Unaudited (Expressed in 000's)

	Acreage Holdings	AIM	PATCC Acquisition	PWCT Acquisition	RTO Adjustments	Note 3 Ref.	Pro Forma Consolidated
	As at June 30, 2018	*As at August 31, 2018*					
ASSETS							
Cash	$ 85,992	$ 1	$ (1,081)	$ 178	300,376	c,e,f	$ 385,466
Restricted cash	7,258	–	–	–	–		7,258
Inventory	1,538	–	–	205	–		1,743
Biological assets	1,027	–	–	–	–		1,027
Other current assets	344	21	–	1	–		366
Total current assets	**96,159**	**22**	**(1,081)**	**384**	**300,376**		**395,860**
Investments	28,393	–	(63)	(1,750)	–		26,580
Promissory notes receivable	8,501	–	6,181	–	–		14,682
Capital assets, net	14,976	–	–	702	–		15,678
Intangible assets, net	61,955	–	12,036	10,728	–		84,719
Goodwill	2,191	–	–	188	–		2,379
Deferred acquisition costs	11,496	–	–	(2,475)	–		9,021
Other non-current assets	389	–	–	7	–		396
Total non-current assets	127,901	–	18,154	7,400	–		153,455
TOTAL ASSETS	**$ 224,060**	**$ 22**	**$ 17,073**	**$ 7,784**	**$ 300,376**		**$ 549,315**
LIABILITIES AND MEMBERS' EQUITY							
Accounts payable and accrued liabilities	$ 4,559	$ 81	$ –	$ 275	$ –		$ 4,915
Taxes payable	1,530	–	–	–	–		1,530
Interest payable	232	–	–	–	–		232
Current portion of debt	9,668	113	–	–	(9,658)	e	123
Other current liabilities	935	–	–	–	–		935
Total current liabilities	**16,924**	**194**	**–**	**275**	**(9,658)**		**7,735**
Debt	31,809	234	–	–	(28,618)	d	745
					(2,680)	e	
Derivative liabilities	8,873	–	–	–	(3,549)	d	5,324
Deposits	7,163	–	–	–	–		7,163
Other liabilities	85	–	–	–	–		85
Total non-current liabilities	**47,930**	**234**	**–**	**–**	**(34,847)**		**13,317**
TOTAL LIABILITIES	**64,854**	**428**	**–**	**275**	**(44,505)**		**21,052**
Unit capital	147,742	(406)	17,073	7,509	406	a	518,447
					32,167	d	
					16,041	f	
					296,673	c	
					1,242	b	
Non-controlling interests	19,063	–	–	–	–		19,063
Accumulated deficit	(7,599)	–	–	–	(1,648)	b	(9,247)
TOTAL MEMBERS' EQUITY	**159,206**	**(406)**	**17,073**	**7,509**	**344,881**		**528,263**
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$ 224,060**	**$ 22**	**$ 17,073**	**$ 7,784**	**$ 300,376**		**$ 549,315**

ACREAGE HOLDINGS
Pro Forma Consolidated Statement of Operations
For the Six Months Ended June 30, 2018
Unaudited (Expressed in 000's)

	Acreage Holdings	AIM	D&B Acquisition	WPMC Acquisition	PATCC Acquisition	PWCT Acquisition	RTO Adjustments	Note 3 Ref.	Pro Forma Consolidated
	Six months ended June 30, 2018	*Six months ended May 31, 2018*							
Revenues, net	$ 5,148	$ –	$ 3,521	$ 117	$ –	$ 5,340	$ –		$ 14,126
Less: cost of goods sold	(3,228)	–	(1,871)	(58)	–	(3,197)	–		(8,354)
Gross profit, excluding fair value items	**1,920**	**–**	**1,650**	**59**	**–**	**2,143**	**–**		**5,772**
Unrealized fair value gain on growth of biological assets	979	–	–	–	–	–	–		979
Gross profit	**2,899**	**–**	**1,650**	**59**	**–**	**2,143**	**–**		**6,751**
OPERATING EXPENSES									
General and administrative	4,397	12	114	209	4	263	–		4,999
Compensation expense	5,055	–	410	–	–	607	22,666	g	28,738
Marketing	621	–	11	–	–	1	–		633
Depreciation and amortization	275	–	7	–	–	40	–		322
Total operating expense	**10,348**	**12**	**542**	**209**	**4**	**911**	**22,666**		34,692
Net operating income (loss)	**(7,449)**	**(12)**	**1,108**	**(150)**	**(4)**	**1,232**	**(22,666)**		**(27,941)**
Income from investments, net	19,870	–	–	–	–	–	–		19,870
Interest income	135	–	–	30	362	–	–		527
Interest expense	(3,168)	(29)	–	–	–	–	3,101	d	(96)
Change in fair market value of derivative liabilities	(5,976)	–	–	–	–	–	–		(5,976)
Other loss, net	(1,007)	–	–	–	–	–	(1,648)	b	(2,655)
Total other income (loss)	**9,854**	**(29)**	**–**	**30**	**362**	**–**	**1,453**		**11,670**
Net income (loss) before income taxes	**2,405**	**(41)**	**1,108**	**(120)**	**358**	**1,232**	**(21,213)**		(16,271)
Income tax expense	(483)	–	(83)	–	–	(100)	–		(666)
Net income (loss)	**1,922**	**(41)**	**1,025**	**(120)**	**358**	**1,132**	**(21,213)**		**(16,937)**
Less: net income attributable to non-controlling interests	200	–	–	–	–	–	–		200
Net income (loss) attributable to members of the parent	**$ 1,722**	**$ (41)**	**$ 1,025**	**$ (120)**	**$ 358**	**$ 1,132**	**$ (21,213)**		$ (17,137)

ACREAGE HOLDINGS
Pro Forma Consolidated Statement of Operations
For the Year Ended December 31, 2017
Unaudited (Expressed in 000's)

	Acreage Holdings	AIM	D&B Acquisition	WPMC Acquisition	PATCC Acquisition	PWCT Acquisition	RTO Adjustments	Note 3 Ref.	Pro Forma Consolidated
	12 month period ended Dec 31, 2017	*12 month period ended Nov 30, 2017*							
Revenues, net	$ 7,743	$ –	$ 8,826	$ 1,988	$ –	$ 9,302	$ –		$ 27,859
Less: cost of goods sold	(4,767)	–	(4,688)	(429)	–	(5,412)	–		(15,296)
Gross profit	**2,976**	**–**	**4,138**	**1,559**	**–**	**3,890**	**–**		**12,563**
OPERATING EXPENSES									
General and administrative	5,001	34	299	791	10	449	–		6,584
Compensation expense	4,790	–	2,285	–	–	1,143	45,332	g	53,550
Marketing	212	–	54	–	–	8	–		274
Depreciation and amortization	20	–	12	–	–	78	–		110
Total operating expenses	**10,023**	**34**	**2,650**	**791**	**10**	**1,678**	**45,332**		60,518
Net operating income (loss)	**(7,047)**	**(34)**	**1,488**	**768**	**(10)**	**2,212**	**(45,332)**		(47,955)
Income from investments, net	2,313	–	–	–	–	–	–		2,313
Interest income	330	–	–	115	728	–	–		1,173
Interest expense	(1,465)	(95)	–	–	–	(44)	1,443	d	(161)
Change in fair market value of derivative liabilities	215	–	–	–	–	–	–		215
Other loss, net	(1,156)	–	–	–	–	–	(1,648)	b	(2,804)
Total other income (loss)	**237**	**(95)**	**–**	**115**	**728**	**(44)**	**(205)**		**736**
Net loss before income taxes	**(6,810)**	**(129)**	**1,488**	**883**	**718**	**2,168**	**(45,537)**		**(47,219)**
Income tax expense	(806)	–	–	–	–	–	–		(806)
Net income (loss)	**(7,616)**	**(129)**	**1,488**	**883**	**718**	**2,168**	**(45,537)**		(48,025)
Less: net loss attributable to non-controlling interests	(613)	–	–	–	–	–	–		(613)
Net income (loss) attributable to members of the parent	**$ (7,003)**	**$ (129)**	**$ 1,488**	**$ 883**	**$ 718**	**$ 2,168**	**$ (45,537)**		**$** (47,412)

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements of Acreage Holdings, Inc. ("Acreage", "Company" or "Resulting Issuer") have been prepared by management to reflect the Business Combination Agreement ("Combination Agreement") between Acreage and Applied Inventions Management Corp. ("AIM"). Pursuant to the Combination Agreement, Acreage Holdings will complete a reverse take-over of AIM (the "Transaction", or "RTO") and the security holders of Acreage will hold substantially all of the outstanding securities of AIM. Immediately prior to the completion of the Transaction, the security holders of AIM will have $1,242, or approximately 50 shares, of Class A Subordinate Voting Shares of the Resulting Issuer.

The unaudited pro forma consolidated financial statements include:

i. a pro forma consolidated statement of financial position as at June 30, 2018 prepared from the unaudited condensed consolidated interim statement of financial position of Acreage as at June 30, 2018 and the audited statement of financial position of AIM as at August 31, 2018, which gives pro forma effect to the acquisition of AIM by Acreage and the assumptions described in Note 2, as if these transactions occurred on June 30, 2018.

ii. a pro forma consolidated statement of operations for the six months ended June 30, 2018 prepared from the unaudited condensed consolidated interim statement of operations of Acreage for the six months ended June 30, 2018 and the unaudited condensed interim statement of loss and comprehensive loss of AIM for the six months ended May 31, 2018, as if the transactions described in Note 2 had occurred on January 1, 2018.

iii. a pro forma consolidated income statement for the year ended December 31, 2017 prepared from the audited consolidated statement of operations of Acreage for the year ended December 31, 2017 and the unaudited statement of operations of AIM for the twelve-month period from December 1, 2016 to November 30, 2017, as if the transactions described in Note 2 had occurred on January 1, 2017. The AIM twelve- month statement of operations has been constructed by subtracting the unaudited interim consolidated statement of loss and comprehensive loss for the three months ended November 30, 2016 from the audited consolidated statement of loss and comprehensive loss for the year ended August 31, 2017 and adding the unaudited interim consolidated statement of loss and comprehensive loss for the three months ended November 30, 2017.

For purposes of the preparation of the pro forma consolidated financial statements, the financial statements of AIM have been translated from Canadian dollars to U.S. dollars using the exchange rate in effect at the balance sheet date for the statement of financial position and at the average exchange rate for the periods presented in the statements of operations as follows:

	August 31, 2018
Period end rate	1.303
	Six months ended May 31, 2018
Average rate	1.272
	Twelve months ended November 30, 2017
Average rate	1.303

The pro forma adjustments are based on available financial information and certain estimates and assumptions. Management believes that such assumptions provide a reasonable basis for presenting all of the significant effects of the RTO and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the pro forma consolidated financial information.

The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date indicated. No adjustments have been made to reflect additional costs or cost savings that could result from the

combination of the operations of AIM and Acreage, as management does not anticipate any material costs or cost savings as a result of this Transaction.

The unaudited pro forma financial statements have been compiled using the significant accounting policies as set out in the audited financial statements of Acreage for the year ended December 31, 2017. Based on the review of the accounting policies of AIM, it is management's opinion that there are no material differences between the accounting policies of Acreage and AIM.

The pro forma effective statutory income tax rate of the combined companies will be 27%.

The pro forma consolidated financial statements should be read in conjunction with the audited annual and unaudited interim consolidated financial statements of Acreage and AIM and the notes thereto.

2. Material Business Acquisitions

Adjustments related to material primary business acquisitions, in accordance with *National Instrument 41-101 - General Prospectus Requirements,* include the following transactions completed during 2018:

a. D&B Wellness, LLC ("D&B")

On May 31, 2018, the Company acquired all interests in D&B, a medical dispensary in Bethel, Connecticut for total consideration of $14,500, which includes cash, seller's notes and stock.

Acquisition-related adjustments to the consolidated statement of operations for the six months ended June 30, 2018 and the year ended December 31, 2017 were prepared as if the acquisition occurred on January 1, 2018 and 2017, respectively. There was no effect to the pro forma consolidated statement of financial position as at June 30, 2018.

b. The Wellness & Pain Management Connection, LLC ("WPMC")

In May 2018, the Company acquired a controlling interest in WPMC for a total consideration of $43,621, which includes cash, stock, fair market value of the non-controlling interest and the fair market value of the previously held interest. WPMC is a management company located in Portland, Maine.

Acquisition-related adjustments to the pro forma consolidated statement of operations for the six months ended June, 2018 and the year ended December 31, 2017 were prepared as if the acquisition occurred on January 1, 2018 and 2017, respectively. There was no effect to the pro forma consolidated statement of financial position as at June 30, 2018.

c. Prime Alternative Treatment Care Consulting, LLC ("PATCC")

In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $18,254, which included Class D units, seller's notes and the fair value of the previously held interest.

Acquisition-related adjustments to the pro forma consolidated statement of operations for the six months ended June, 2018 and the year ended December 31, 2017 were prepared as if the acquisition occurred on January 1, 2018 and 2017, respectively. Acquisition-related adjustments to the pro forma consolidated statement of financial position as at June 30, 2018 were prepared as if the acquisition occurred on June 30, 2018. The amount of consideration paid in excess of the fair value of the net assets acquired has been allocated to intangible assets on a provisional basis as the Company completes its purchase price allocation. Accordingly, the measurement of assets acquired and liabilities assumed may change upon finalization of the Company's valuation and completion of the purchase price allocation, both of which are expected to occur no later than one year from the acquisition date.

d. Prime Wellness of Connecticut, LLC ("PWCT")

In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South

Windsor, Connecticut for a total consideration of $12,213, consisting of cash, Class D units, seller's notes and the fair value of the previously held interest.

Acquisition-related adjustments to the pro forma consolidated statement of operations for the six months ended June, 2018 and the year ended December 31, 2017 were prepared as if the acquisition occurred on January 1, 2018 and 2017, respectively. Acquisition-related adjustments to the pro forma consolidated statement of financial position as at June 30, 2018 were prepared as if the acquisition occurred on June 30, 2018. The amount of consideration paid in excess of the fair value of the net assets acquired has been allocated to intangible assets on a provisional basis as the Company completes its purchase price allocation. Accordingly, the measurement of assets acquired and liabilities assumed may change upon finalization of the Company's valuation and completion of the purchase price allocation, both of which are expected to occur no later than one year from the acquisition date.

3. RTO Adjustments

The unaudited pro forma consolidated statement of financial position gives effect to the following assumptions and adjustments:

a. On closing of the RTO, the additional paid-in capital and accumulated deficit of AIM are eliminated.

b. The Transaction has been accounted for in accordance with IFRS 2, Share Based Payments. The Transaction has been accounted for in the unaudited proforma consolidated statement of financial position as a continuation of the financial statements of Acreage, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of AIM, in return for the net assets of AIM and a re-capitalization of the equity of Acreage. The fair value of the deemed share issuance was determined based on the fair value of the units issued by Acreage. Total fair value of the consideration is as follows:

		Amount
Issuance of subordinate voting shares pursuant to Combination Agreement	$	(1,242)
Net working capital deficit		(406)
Total listing expense	$	(1,648)

c. In connection with the closing of this transaction, Acreage raised a net total of $296,673 through a brokered placement sale of 12,566 subordinated shares at $25 per share ("SR Financing"), assuming $17,480 in broker and other transaction costs. The transaction costs include 156 broker compensation options valued at $1,861, using a Black-Scholes valuation model with substantially the same assumptions as note (g) below.

d. In connection with the RTO, the outstanding convertible debt is mandatorily convertible to 6,474 shares of the Resulting Issuer (on an as converted basis). Interest expense related to the convertible debt was $1,443 and $3,101 for the year ended December 31, 2017 and six months ended June 30, 2018, respectively. For the purposes of the pro forma consolidated statement of operations presented herein, the adjustment assumes a repayment of notes as of January 1, 2017.

e. As at June 30, 2018, $12,338 in subordinated unsecured notes related to material primary business acquisitions referenced in Note 2 are payable upon an RTO.

f. From July to August 2018, the Company completed its Series E financing round, raising additional $16,041, net of commissions, in exchange for 2,653 Series E membership units.

g. In connection with the RTO, the Company issued 4,254 stock options and 2,286 restricted stock units to directors, employees and consultants as compensation for services. Assuming the options and the restricted stock units were issued on January 1, 2017, the Company estimates total stock-based compensation expense for the year ended December 31, 2017 and the six months ended June 30, 2018 to be $45,332 and $22,666, respectively. The grant-date fair value of the restricted stock units is assumed to be $25 per unit. The estimated grant-date fair value

of options is $11.82 per option, using a Black-Scholes valuation model with the following assumptions:

Stock Price	$	25
Exercise Price	$	25
Risk-free interest rate		2.9%
Dividend yield		—%
Volatility		86%
Expected term		2.00

4. Share capital adjustments

Based on the terms of the Combination Agreement, the number of Subordinate Voting Shares of the Resulting Issuer outstanding upon closing of the Business Combination, on a pro forma and as converted basis, as if the RTO was completed on June 30, 2018, was 102,807 and determined as follows:

	Note Ref	Historical	Subordinate Voting Shares of Resulting Issuer[(1)]
Acreage			
Units outstanding as at June 30, 2018		70,806	
Completion of Class E private placement financing	3f	2,653	
Convertible note mandatory conversion	3d	6,474	
Significant acquisitions (2)	2c, 2d	3,562	
Total adjusted units outstanding as at June 30, 2018		83,495	
Resulting Issuer			
Subordinate Voting Shares of Resulting Issuer at the RTO			83,495
SR Financing	3c		12,566
Broker compensation options	3c		156
Compensation options	3g		6,540
AIM			
Shares outstanding of AIM as at August 31, 2018		8,228	
Subordinate Voting Shares issued as a result of the Combination	3b		50
Agreement			
Number outstanding after giving effect to the SR Financing and the RTO on an as-converted to Subordinate Voting Shares			102,807

(1) Number of shares outstanding after giving effect to the SR Financing and the RTO on an as converted basis to Subordinate Voting Shares.

(2) Includes only the effect of Class D units issued in connection with pending or completed transactions deemed to be material primary business acquisitions described in Note 2.

Schedule "H"

D&B WELLNESS' AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

D&B WELLNESS, LLC

FINANCIAL STATEMENTS

As of December 31, 2017, December 31, 2016 and January 1, 2016 and
For the Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To Management
D&B Wellness, LLC

We have audited the accompanying financial statements of D&B Wellness, LLC D/B/A Compassionate Care Center of Connecticut (the Company), which comprise the statements of financial position as at December 31, 2017, December 31, 2016 and January 1, 2016 and the statements of operations and comprehensive income, member's equity and cash flows for the years ended December 31, 2017 and December 31, 2016 and the related notes to the financial statements, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of D&B Wellness, LLC D/B/A Compassionate Care Center of Connecticut as at December 31, 2017, December 31, 2016 and January 1, 2016 and their financial performance and their cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Sheehan & Company CPA, P.C.

Brightwaters, New York
November 2, 2018

Sheehan
& COMPANY

D&B WELLNESS, LLC
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016 AND JANUARY 1, 2016

(Expressed in $000's USD, except unit data)	Note	December 31, 2017	December 31, 2016	January 1, 2016
ASSETS				
Cash		$ 1,778	$ 2,141	$ 1,100
Inventory		137	57	65
Total current assets		**1,915**	**2,198**	**1,165**
Capital assets, net	5	52	51	62
Other non-current assets		5	5	5
Total non-current assets		**57**	**56**	**67**
TOTAL ASSETS		**$ 1,972**	**$ 2,254**	**$ 1,232**
LIABILITIES AND MEMBER'S EQUITY				
Accounts payable and accrued liabilities	6	$ 69	$ 81	$ 30
Total current liabilities		69	81	30
TOTAL LIABILITIES		**69**	**81**	**30**
Members Equity	7	1,903	2,173	1,202
TOTAL MEMBER'S EQUITY		**1,903**	**2,173**	**1,202**
TOTAL LIABILITIES AND MEMBER'S EQUITY		**$ 1,972**	**$ 2,254**	**$ 1,232**

See accompanying notes to financial statements

D&B WELLNESS, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	Note	December 31, 2017	December 31, 2016
Revenues, net		$ 8,826	$ 8,973
Less: cost of goods sold		(4,688)	(4,647)
Gross Profit		**4,138**	**4,326**
OPERATING EXPENSES			
Compensation expense		2,285	1,728
General and administrative	8	299	307
Marketing		54	9
Depreciation	5	12	11
Total operating expenses		**2,650**	**2,055**
Net income and comprehensive income		**$ 1,488**	**2,271**

See accompanying notes to financial statements

D&B WELLNESS, LLC
STATEMENTS OF MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	**Total Member's Equity**
December 31, 2015	$ 1,202
Member distributions	(1,300)
Net income	2,271
December 31, 2016	$ 2,173
Member distributions	(1,758)
Net income	1,488
December 31, 2017	$ 1,903

See accompanying notes to financial statements

D&B WELLNESS, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)

	December 31, 2017	December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,488	$ 2,271
Item not affecting cash:		
Depreciation	12	11
Changes in non-cash working capital items:		
Inventory	(79)	8
Accounts payable and accrued liabilities	(13)	51
Net cash provided by operating activities	**$ 1,408**	**$ 2,341**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(13)	—
Net cash used in investing activities	**$ (13)**	**—**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	(1,758)	(1,300)
Net cash used in financing activities	**$ (1,758)**	**$ (1,300)**
NET INCREASE (DECREASE) IN CASH	(363)	1,041
CASH - Beginning of year	2,141	1,100
CASH - End of year	**$ 1,778**	**$ 2,141**

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

D&B Wellness, LLC (the "Company"), doing business as Compassionate Care Center of Connecticut, was organized in the State of Connecticut on October 15, 2013. The Company operates a health, wellness and herbal remedy center in Bethel, Connecticut. Its clientèle consists of patients licensed by the State of Connecticut to purchase medical marijuana.

2. BASIS OF PREPARATION

Statement of compliance
The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2017 and 2016.

These financial statements, for the years ended December 31, 2017 and 2016, are the first the Company has prepared in accordance with IFRS. For all periods up to and including the year ended December 31, 2017, the Company prepared its financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at December 31, 2017, together with comparative period data for the year ended December 31, 2016. In preparing the financial statements, the Company's opening statement of financial position was prepared as at January 1, 2016, the Company's date of transition to IFRS. In restating the Company's US GAAP financial statements to IFRS, the Company did not identify any material adjustments to its statement of financial position nor its statement of operations.

Basis of measurement
The accompanying financial statements have been prepared on a historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for goods and services generally based upon the fair value at the time of the transaction of the consideration given in the exchange for the asset. In addition, these financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company's functional currency.

Estimates and critical judgements by management
The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Refer to Note 4.

These financial statements were approved and authorized for issue by management on November 2, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
Cash is comprised of cash on hand and in banks and amounts due from a third party merchant service company for debit card sales in transit that are readily convertible into known amounts of cash with original maturities of three months or less.

Inventory
All inventory consists of finished goods. Inventory for finished goods and packaging and supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value.

Capital assets, net
All capital assets are stated at original cost, less any accumulated depreciation and impairment. Expenditures for maintenance and repairs are charged to expense as incurred; major improvements are capitalized. During the fiscal year ended December 31, 2017, there was $13 of fixed assets that were purchased and no assets were disposed of. There were no fixed assets purchased or disposed of during the fiscal year ended December 31, 2016. Total depreciation expense for the fiscal years ended December 31, 2017 and 2016 was $12 and $11, respectively. Depreciation is recognized on a straight-line basis over the following terms:

Capital asset class	Time Period
Leasehold improvements	Shorter of useful life or lease term
Furniture, fixtures and equipment	7 years

An asset's residual value, useful life and amortization method is reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Impairment of non-financial assets
Long-lived assets, including capital assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of operations by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount or the carrying amount that would have been recorded had no impairment loss been recognized previously.

Income taxes
The Company is not an exempt organization as defined in the Internal Revenue Code (IRC) and, as such, is taxable as a S corporation for federal and state income tax purposes. Effective May 16, 2015, the Company, with the consent of its sole member, elected to be treated as an S corporation for federal and state income tax purposes. The effect of this election provides that, in lieu of corporate income taxes, a member is taxed on his/her proportionate share of the Company's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Revenue
Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped or delivered to customers and:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amounts disclosed as revenue are net of allowances, discounts and rebates.

Additionally, the Company elected to early adopt IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRS guidance. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company does not enter into contracts with customers. Therefore, the early adoption of IFRS 15 did not affect the Company's statement of financial position or cash flows from operating, investing, or financing activities. Furthermore, the impact on timing of revenue recognition was not material as the treatment of revenue for services rendered, as outlined above, is consistent under IFRS 15 and IAS 18.

Leases
Lease rentals are expensed in earnings on a straight-line basis as required by IFRS. See Note 9 for disclosure of future lease commitments.

Financial instruments
The Company early-adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement". The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"). Presently, as the Company's only financial instruments are in the form of cash and accounts payable and accrued liabilities, the financial assets held by the Company are measured at amortized cost. Upon adoption, there were no reclassifications required and no material impact on the financial statements.

The Company determines classification of financial assets at initial recognition. The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at FVTPL unless they meet the following criteria for amortized cost:
- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities - non-derivative financial liabilities are measured at amortized cost unless they have been designated as FVTPL. Derivative liabilities are initially measured at FVTPL, with subsequent changes in fair market value recognized in the statement of operations.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities not based upon observable market data

New standards, interpretations, and amendments

IAS 1 Presentation of Financial Statements
The Company has reviewed and considered the amendments made to IAS 1 effective on January 1, 2016. The Company has concluded that the adoption of such standard has resulted in no impact on the Company's financial statements. The Company will re-evaluate IAS 1 should a transaction occur.

IFRS 16 Leases
The new standard will replace IAS 17, *Leases* (IAS 17), and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied retrospectively. The Company is currently evaluating the impact of adoption.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated useful lives of capital assets, net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

5. CAPITAL ASSETS, NET

At December 31, 2017 and 2016, capital assets, net consists of:

As of December 31,	2017	2016
Furniture, fixtures and equipment	$ 78	$ 65
Leasehold improvements	10	10
Total capital assets	**$ 88**	**$ 75**
Less: Accumulated Depreciation	(36)	(24)
Capital Assets, net	**$ 52**	**$ 51**

A reconciliation of the beginning and ending balances of capital assets, net is as follows:

	Capital Assets, gross	Accumulated Depreciation	Capital Assets, net
As of December 31, 2015	**$ 75**	**$ (13)**	**$ 62**
Additions	—	—	—
Depreciation	—	(11)	(11)
As of December 31, 2016	**$ 75**	**$ (24)**	**$ 51**
Additions	13	—	13
Depreciation	—	(12)	(12)
As of December 31, 2017	**$ 88**	**$ (36)**	**$ 52**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of December 31, 2017 and 2016 and January 1, 2016 consist of the following:

	December 31, 2017	December 31, 2016	January 1, 2016
Accrued wages	$ 34	$ 31	20
Credit card payable	28	4	4
Other accounts payable	7	46	6
Total accounts payable and accrued liabilities	**$ 69**	**$ 81**	**30**

7. MEMBER'S EQUITY

The Company was owned in its entirety by one individual for the years ended December 31, 2017 and 2016. There were no transfers of ownership or authorization or issuance of shares during the years then ended.

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2017 and 2016 consist of the following:

	2017	2016
Bank & merchant fees	62	63
Office expenses	48	67
Professional fees	46	19
Rent expense	34	33
Licensing & registration fees	29	19
Building expense	24	37
Insurance expense	14	6
Continuing education	7	40
Other miscellaneous expenses	35	23
Total general and administrative expenses	**$ 299**	**$ 307**

9. COMMITMENTS AND CONTINGENCIES

The Company occupies leased space under a five-year lease which began on August 1, 2014 and is due to expire on July 31, 2019. Total rent expense under this lease was $34 and $ 33 for the years ended December 31, 2017 and 2016, respectively.

The total future value of minimum operating lease payments is due as follows at December 31, 2017:

2018	$ 36
2019	21
Total	**$ 57**

10. RISK MANAGEMENT

The Company thoroughly examines the various financial and non-financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management.

Management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As the Company does not hold any financial instruments other than the items disclosed in Note 3, the Company considers the market risk to be immaterial.

Interest rate risk: Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have borrowings as of December 31, 2017, December 31, 2016 and January 1, 2016. As there is no interest, the Company considers interest rate risk to be immaterial.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The

Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Equity price risk: Equity price risk is the risk of variability in fair value due to movements in equity or market prices. Marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. The Company has no marketable securities and investments.

Credit risk: Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains a cash balance at one financial institution in the United States which is insured up to $250 by the FDIC. From time-to-time, the Company's balances may exceed this limit. As of December 31, 2017, December 31, 2016 and January 1, 2016 there is an uninsured limit of approximately $1,452, $1,823 and $784, respectively. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Regulatory risk: The Company operates in the rapidly growing U.S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path that the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations at the federal level are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products are reversed in the State of Connecticut in the near-term.

11. CAPITAL MANAGEMENT

The Company considers its capital to consist of cash and member's equity. The Company manages its capital to maintain its ability to continue as a going concern and makes adjustments to it based on funds available to the Company in order to fund its operations. The Company, upon approval from its management, will balance its overall capital structure by undertaking activities as deemed appropriate under the specific circumstances.

As of December 31, 2017, the Company is not subject to externally imposed capital requirements.

12. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are members of the Company's executive management team. Compensation provided to key management was $1,634 and $1,093 for the years ended December 31, 2017 and 2016, respectively.

13. SUBSEQUENT EVENTS

On May 31, 2018, High Street Capital Partners, LLC ("HSCP") entered into an agreement to purchase D&B Wellness, LLC ("the Purchase Agreement"). The Purchase Agreement resulted in HSCP acquiring 100% of the issued and outstanding membership interests in the Company in exchange for $14,500 in consideration consisting of cash, promissory note, and HSCP membership units.

In connection with the Purchase Agreement, D&B Wellness, LLC entered into an employment agreement with the former owner of the Company for an initial term of two years.

Schedule "I"

D&B WELLNESS' MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of D&B Wellness, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**D&B**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

D&B Wellness, LLC, doing business as Compassionate Care Center of Connecticut, was organized in the State of Connecticut on October 15, 2013. The Company is one of nine licensed medical marijuana dispensaries in Connecticut. Its clientèle consists of patients licensed by the State of Connecticut to purchase medical marijuana.

Highlights from the year ended December 31, 2017

2017 was a successful year for the Company as sales remained consistent year over year at just below $9M as can be seen on the Statement of Operations and Comprehensive Income. Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. PWCT's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in Connecticut. As at December 31, 2017, the Company had operations only in the state of Connecticut.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year ended December 31,		Change	
	2017	2016	$	%
Revenues, net	$ 8,826	$ 8,973	$ (147)	(2)%
Cost of goods sold	(4,688)	(4,647)	(41)	1%
Gross profit	4,138	4,326	(188)	(4)%
Total operating expenses	(2,650)	(2,055)	(595)	29%
Net income	$ 1,488	$ 2,271	$ (783)	(34)%
Total assets	$ 1,972	$ 2,254	$ (282)	(13)%

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

The Company derives its revenues from retail dispensary businesses where cannabis and cannabis-infused products are sold to consumers.

Revenues for the year ended December 31, 2017 were $8,826, a decrease of $147, or 2%, from the year ended December 31, 2016. This is consistent year-over-year and should increase as the number of medical marijuana patients increase in the state of Connecticut.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold for the year ended December 31, 2017 was $4,688, an increase of $41, or 1%, from the year ended December 31 2016, which is consistent year-over-year and with what management would expect given the revenue numbers reflected above. The gross profit margin for the years ended December 31, 2017 and 2016 was 47% and 48%, respectively.

Total operating expenses

Total operating expenses consist primarily of personnel costs including salaries, incentive compensation, and benefits, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses for the year ended December 31, 2017 was $2,650, an increase of $595, or 29%, compared to the year ended December 31, 2016. This was driven by increased compensation expense due to an increase in headcount from the scaling up of operations and an increase in marketing-related expenses to promote the business.

Net income
Net income for the year ended December 31, 2017 was $1,488, a decrease of $783 or 34%, compared to $2,271 for the year ended December 31, 2016. The decrease was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the year ended December 31,		Change	
	2017	**2016**	**$**	**%**
Net cash provided by operating activities	$ 1,408	$ 2,341	$ (933)	(40)%
Net cash used in investing activities	(13)	—	(13)	n/m
Net cash used in financing activities	(1,758)	(1,300)	(458)	35%
Change in cash	$ (363)	$ 1,041	$ (1,404)	(135)%

As at December 31, 2017, we had $1,778 of cash and $1,846 of working capital surplus (current assets minus current liabilities), compared with $2,141 of cash and $2,117 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities
Net cash used in operating activities was $1,408 for the year ended December 31, 2017, a decrease of $933, or 40% compared to $2,341 for the year ended December 31, 2016. The decrease was primarily driven by the decreased net income and the higher usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash used in investing activities
Net cash used in investing activities was $13 for the year ended December 31, 2017, compared to nil for the year ended December 31, 2016.

The outflow of $13 for the year ended December 31, 2017 consisted of fixed asset purchases.

Cash used in financing activities
Net cash used in financing activities was $1,758 for the year ended December 31, 2017, an increase of $458, or 35% compared to $1,300 for the year ended December 31, 2016.

The outflows of $1,758 and $1,300 for the years ended December 31, 2017 and 2016, respectively, consisted solely of member distributions

Contractual obligations
The Company and its subsidiaries have entered into operating lease agreements for its dispensary. The following represents the Company’s commitments in relation to its operating leases:

Period	Amount
Not later than one year	$ 36
Later than one year and not later than five years	21
Later than five years	—
Total	$ 57

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. PROPOSED TRANSACTIONS

Subsequent event

On May 31, 2018, High Street Capital Partners, LLC ("HSCP") entered into an agreement to purchase D&B Wellness, LLC ("the Purchase Agreement"). The Purchase Agreement resulted in HSCP acquiring 100% of the issued and outstanding membership interests in the Company in exchange for $14.5M in consideration consisting of cash, promissory note, and HSCP membership units.

7. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated useful lives of capital assets, net

The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets

At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

8. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

IFRS 16 Leases
The new standard will replace IAS 17, *Leases* (IAS 17), and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied retrospectively. The Company is currently evaluating the impact of adoption.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial and non-financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management.

Management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As the Company does not hold any financial instruments other than the items disclosed in Note 3, the Company considers the market risk to be immaterial.

Interest rate risk: Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have borrowings as of December 31, 2017, December 31, 2016 and January 1, 2016. As there is no interest, the Company considers interest rate risk to be immaterial.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Equity price risk: Equity price risk is the risk of variability in fair value due to movements in equity or market prices. Marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. The Company has no marketable securities and investments.

Credit risk: Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains a cash balance at one financial institution in the United States which is insured up to $250 by the FDIC. From time-to-time, the Company's balances may exceed this limit. As of December 31, 2017, December 31, 2016 and January 1, 2016 there is an uninsured limit of approximately $1,452, $1,823 and $784, respectively. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Regulatory risk: The Company operates in the rapidly growing U.S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path that the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations at the federal level are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products are reversed in the State of Connecticut in the near-term.

10. OUTSTANDING SHARE DATA

The Company was owned in its entirety by one individual for the years ended December 31, 2017 and 2016. There were no transfers of ownership or authorization or issuance of shares during the years then ended.

Schedule "J"

D&B WELLNESS' INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

D&B WELLNESS, LLC

FINANCIAL STATEMENTS

As of June 30, 2018 and December 31, 2017 and
For the Three and Six Months Ended June 30, 2018 and 2017

(Unaudited)

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D&B WELLNESS, LLC
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017
(Unaudited)

(Expressed in $000's, except unit data)	Note	June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 488	$ 1,778
Inventory		74	137
Total current assets		**562**	**1,915**
Capital assets, net	5	44	52
Other non-current assets		5	5
Total non-current assets		**49**	**57**
TOTAL ASSETS		**$ 611**	**$ 1,972**
LIABILITIES AND MEMBER'S EQUITY			
Accounts payable and accrued liabilities	6	$ 271	$ 69
Total current liabilities		271	69
TOTAL LIABILITIES		**271**	**69**
Members equity	7	340	1,903
TOTAL MEMBER'S EQUITY		340	1,903
TOTAL LIABILITIES AND MEMBER'S EQUITY		**$ 611**	**$ 1,972**

The accompanying notes are an integral part of these financial statements.

D&B WELLNESS, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(Expressed in $000's, except unit data)	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Revenues, net		$ 2,111	$ 2,167	$ 4,225	$ 4,362
Less: cost of goods sold		(1,094)	(1,189)	(2,245)	(2,240)
Gross Profit		**1,017**	**978**	**1,980**	**2,122**
OPERATING EXPENSES					
Compensation expense		243	207	492	489
General and administrative	8	68	68	137	159
Marketing		5	2	13	2
Depreciation	5	3	3	8	6
Total operating expenses		**319**	**280**	**650**	**656**
Net income before income taxes		698	698	1,330	1,466
Income taxes		100	—	100	—
Net income and comprehensive income		**$ 598**	**$ 698**	**$ 1,230**	**$ 1,466**

The accompanying notes are an integral part of these financial statements.

D&B WELLNESS, LLC
STATEMENTS OF MEMBER'S EQUITY
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(Expressed in $000's, except unit data)	Total Member's Equity
December 31, 2016	$ 2,173
Member distributions	(1,730)
Net income	1,466
June 30, 2017	$ 1,909
December 31, 2017	$ 1,903
Member distributions	(2,793)
Net income	1,230
June 30, 2018	$ 340

The accompanying notes are an integral part of these financial statements.

D&B WELLNESS, LLC
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(Expressed in $000's USD, except unit data)	**Six months ended June 30,**	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,230	$ 1,466
Item not affecting cash:		
Depreciation	8	6
Changes in non-cash working capital items:		
Inventory	63	(85)
Accounts payable and accrued liabilities	202	196
Net cash provided by operating activities	**$ 1,503**	**$ 1,583**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	—	(5)
Net cash used in investing activities	**$ —**	**$ (5)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	(2,793)	(1,730)
Net cash used in financing activities	**$ (2,793)**	**$ (1,730)**
NET (DECREASE) IN CASH	(1,290)	(152)
CASH - Beginning of period	1,778	2,141
CASH - End of period	**$ 488**	**$ 1,989**
Supplemental disclosure of cash flow data:		
Cash paid for income taxes	$ 50	$ —

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

D&B Wellness, LLC (the "Company"), doing business as Compassionate Care Center of Connecticut, was organized in the State of Connecticut on October 15, 2013. The Company operates a health, wellness and herbal remedy center in Bethel, Connecticut. Its clientèle consists of patients licensed by the State of Connecticut to purchase medical marijuana.

2. BASIS OF PREPARATION

Statement of compliance
The accompanying interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), effective for the Company's reporting for the period ended June 30, 2018.

These interim financial statements for the three and six months ending June 30, 2018 and 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements at December 31, 2017.

Basis of measurement
The accompanying interim financial statements have been prepared on a historical cost basis. Historical cost is the fair value of the consideration given in exchange for goods and services generally based upon the fair value at the time of the transaction of the consideration given in the exchange for the asset. In addition, these financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
These interim financial statements and the accompanying notes are expressed in US Dollars, which is the Company’s functional currency.

Estimates and critical judgements by management
The preparation of the accompanying interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Refer to Note 4.

These financial statements were approved and authorized for issue by management on November 2, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
Cash is comprised of cash on hand and in banks and amounts due from a third-party merchant service company for debit card sales in transit that are readily convertible into known amounts of cash with original maturities of three months or less.

Inventory
All inventory consists of finished goods. Inventory for finished goods and packaging and supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out costing method. Net realizable

value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value.

Capital assets, net
All capital assets are stated at original cost, less any accumulated depreciation and impairment. Expenditures for maintenance and repairs are charged to expense as incurred; major improvements are capitalized. During the six month period ended June 30, 2018 and year ended December 31, 2017, there was $0 and $13, respectively, of fixed assets that were purchased and no assets were disposed of. Total depreciation expense for the six months ended June 30, 2018 and 2017 was $8 and $6, respectively. Total depreciation expense for the three months ended June 30, 2018 and 2017 was $3 and $3, respectively. Depreciation is recognized on a straight-line basis over the following terms:

Capital asset class	Time Period
Leasehold improvements	Shorter of useful life or lease term
Furniture, fixtures and equipment	7 years

An asset's residual value, useful life and amortization method is reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Impairment of non-financial assets
Long-lived assets, including capital assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of operations by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount or the carrying amount that would have been recorded had no impairment loss been recognized previously.

Income taxes
The Company is not an exempt organization as defined in the Internal Revenue Code (IRC) and, as such, is taxable as a S corporation for federal and state income tax purposes. Effective May 16, 2015, the Company, with the consent of its sole member, elected to be treated as an S corporation for federal and state income tax purposes. The effect of this election provides that, in lieu of corporate income taxes, a member is taxed on his/her proportionate share of the Company's taxable income. The Company conducts business in the State of Connecticut. On May 31, 2018, Public Act 18-49 was signed into effect which changed how Connecticut taxes income earned by S corporations, including limited liability companies treated as S corporations. As a result of Public Act 18-49, the Company is subject to a tax on its own income at a rate of 6.99%. Accordingly, $100 of provision for income tax related to the period ending May 31, 2018, prior to the Company becoming a disregarded entity for tax purposes, is reflected in the accompanying interim financial statements.

The Company considered deferred tax assets and liabilities as of the period ended June 30, 2018 noting no material adjustments for deferred taxes were required.

Revenue
Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped or delivered to customers and:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amounts disclosed as revenue are net of allowances, discounts and rebates. The Company does not enter into contracts with customers.

Leases
Lease rentals are expensed in earnings on a straight-line basis as required by IFRS. See Note 9 for disclosure of future lease commitments.

Financial instruments
The Company determines classification of financial assets at initial recognition. The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at fair value through profit and loss (FVTPL) unless they meet the following criteria for amortized cost:

- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities - non-derivative financial liabilities are measured at amortized cost unless they have been designated as FVTPL. Derivative liabilities are initially measured at FVTPL, with subsequent changes in fair market value recognized in the statement of operations.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities not based upon observable market data

New standards, interpretations, and amendments

IFRS 16 Leases
The new standard will replace IAS 17, *Leases* (IAS 17), and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied retrospectively. The Company is currently evaluating the impact of adoption.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated useful lives of capital assets, net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

5. CAPITAL ASSETS, NET

At June 30, 2018 and December 31, 2017, capital assets, net consists of:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Furniture, fixtures and equipment	$ 78	$ 78
Leasehold improvements	10	10
Total capital assets	**$ 88**	**$ 88**
Less: Accumulated Depreciation	(44)	(36)
Capital Assets, net	**$ 44**	**$ 52**

A reconciliation of the beginning and ending balances of capital assets, net is as follows:

	Capital Assets, gross	Accumulated Depreciation	Capital Assets, net
As of December 31, 2016	**$ 75**	**$ (24)**	**$ 51**
Additions	13	—	13
Depreciation	—	(12)	(12)
As of December 31, 2017	**$ 88**	**$ (36)**	**$ 52**
As of December 31, 2017	**$ 88**	**$ (36)**	**$ 52**
Additions	—	—	—
Depreciation	—	(8)	(8)
As of June 30, 2018	**$ 88**	**$ (44)**	**$ 44**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2018 and December 31, 2017 consist of the following:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Accrued wages	$ 31	$ 34
Credit card payable	3	28
Taxes payable	50	—
Other accounts payable	187	7
Total accounts payable and accrued liabilities	$ 271	$ 69

7. MEMBER'S EQUITY

The Company was owned in its entirety by one individual for the period ended June 30, 2017. There were no transfers of ownership or authorization or issuance of shares during the period ended June 30, 2017. On May 31, 2018, High Street Capital Partners, LLC ("HSCP") entered into an agreement to purchase D&B Wellness, LLC. The agreement resulted in HSCP acquiring 100% of the issued and outstanding membership interests in the Company in exchange for $14,500 in consideration consisting of cash, promissory note, and HSCP membership units. As of June 30, 2018, HSCP continues to hold 100% of the outstanding membership interests in the Company.

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and six-month periods ended June 30, 2018 and 2017 consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Bank & merchant fees	17	17	33	37
Office expenses	9	—	15	22
Professional fees	1	14	2	20
Rent expense	9	8	15	17
Licensing & registration fees	4	3	13	15
Building expense	6	6	13	13
Insurance expense	10	10	15	10
Continuing education	—	—	3	8
Other miscellaneous expenses	12	10	28	17
Total general and administrative expenses	**$ 68**	**$ 68**	**$ 137**	**$ 159**

9. COMMITMENTS AND CONTINGENCIES

The Company occupies leased space under a five-year lease which began on August 1, 2014 and is due to expire on July 31, 2019. Total rent expense under this lease was $15 and $17 for the six months ended June 30, 2018 and 2017, respectively, and $9 and $8 for the three months ended June 30, 2018 and 2017, respectively.

The total future value of minimum operating lease payments due is as follows at June 30, 2018:

< 1 Year	$ 36
Thereafter	3
Total	**$ 39**

10. RISK MANAGEMENT

The Company thoroughly examines the various financial and non-financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management.

Management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As the Company does not hold any financial instruments other than the items disclosed in Note 3, the Company considers the market risk to be immaterial.

Interest rate risk: Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have borrowings as of June 30, 2018 and December 31, 2017. As there is no interest, the Company considers interest rate risk to be immaterial.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Equity price risk: Equity price risk is the risk of variability in fair value due to movements in equity or market prices. Marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. The Company has no marketable securities and investments.

Credit risk: Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains a cash balance at one financial institution in the United States which is insured up to $250 by the FDIC. From time-to-time, the Company's balances may exceed this limit. As of June 30, 2018 and December 31, 2017, there is an uninsured limit of approximately $133 and $1,452, respectively. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Regulatory risk: The Company operates in the rapidly growing U.S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path that the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations at the federal level are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products are reversed in the State of Connecticut in the near-term.

11. CAPITAL MANAGEMENT

The Company considers its capital to consist of cash and member's equity. The Company manages its capital to maintain its ability to continue as a going concern and makes adjustments to it based on funds available to the Company in order to fund its operations.

The Company, upon approval from its management, will balance its overall capital structure by undertaking activities as deemed appropriate under the specific circumstances.

As of June 30, 2018, the Company is not subject to externally imposed capital requirements.

12. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are members of the Company's executive management team. Compensation provided to key management was $89 and $79 for the three months ended and $181 and $171 for the six months ended June 30, 2018 and 2017, respectively.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 2, 2018, the date on which these financial statements were available to be issued to determine whether they should be disclosed to keep the financial statements from being misleading. Management did not identify any material subsequent events for disclosure.

Schedule "K"

D&B WELLNESS' MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of D&B Wellness, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**D&B**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited interim financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

D&B Wellness, LLC, doing business as Compassionate Care Center of Connecticut, was organized in the State of Connecticut on October 15, 2013. The Company is one of nine licensed medical marijuana dispensaries in Connecticut. Its clientèle consists of patients licensed by the State of Connecticut to purchase medical marijuana.

Highlights from the three and six months ending June 30, 2018

2018 sales is consistent with year-over-year results at approximately $4.2M through the first six months of 2018, as can be seen on the Statement of Operations and Comprehensive Income. Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. The DCP has issued a limited amount of dispensary and producer licenses. There are currently nine state-licensed dispensaries, of which Acreage holds two, and four cultivators that operate throughout Connecticut.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods interim consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Revenues, net	$ 2,111	$ 2,167	$ (56)	(3)%	$ 4,225	$ 4,362	$ (137)	(3)%
Cost of goods sold	(1,094)	(1,189)	95	8	(2,245)	(2,240)	(5)	—
Gross profit	1,017	978	39	4	1,980	2,122	(142)	(7)
Total operating expenses	(319)	(280)	(39)	(14)	(650)	(656)	6	1
Income tax expense	(100)	—	(100)	n/m	(100)	—	(100)	n/m
Net income (loss)	$ 598	$ 698	$ (100)	(14)%	$ 1,230	$ 1,466	$ (236)	(16)%

			Change	
	June 30, 2018	December 31, 2017	$	%
Total assets	$ 611	$ 1,972	$ (1,361)	(69)%

n/m - Not meaningful

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Revenues

The Company derives its revenues from retail dispensary businesses where cannabis and cannabis-infused products are sold to consumers.

Revenues decreased $56, or 3%, to $2,111 and $137, or 3%, to $4,225 in the three and six months ended June 20, 2018, respectively. This is consistent year-over-year and should increase as the number of medical marijuana patients increase in the state of Connecticut.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold decreased $95, or 8%, to $1,094 and $5 to $2,245 in the three and six months ended June 30, 2018, respectively, which is consistent year-over-year and with what management would expect given the revenue numbers reflected above. The gross profit margin was 48% and 45% for the three months ended June 30, 2018 and 2017, respectively, and 47% and 49% for the six months ended June 30, 2018 and 2017, respectively.

Total operating expenses
Total operating expenses consist primarily of personnel costs including salaries, incentive compensation, and benefits marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses increased $39, or 14%, to $319 in the three months ended June 30, 2018, driven by an increase in compensation expense. Total operating expenses decreased $6, or 1%, to $650 in the six months ended June 30, 2018, which is consistent year-over-year.

Net income
Net income decreased $100, or 14%, to $598 and $236, or 16%, to $1,230 in the three and six months ended June 30, 2018, primarily driven by the operating results discussed above, as well as an increased tax burden in the current year.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the six months ended June 30,		Change	
	2018	2017	$	%
Net cash provided by operating activities	$ 1,503	$ 1,583	$ (80)	(5)%
Net cash used in investing activities	—	(5)	5	n/m
Net cash used in financing activities	(2,793)	(1,730)	(1,063)	61%
Change in cash	$ (1,290)	$ (152)	$ (1,138)	749%

As at June 30, 2018, we had $488 of cash and $291 of working capital surplus (current assets minus current liabilities), compared with $1,989 of cash and $1,712 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities
Net cash provided by operating activities was $1,503 for the six months ended June 30, 2018, a decrease of $80, or 5% compared to $1,583 for the six months ended June 30, 2017. The increase was primarily driven by the decreased net income, partially offset by the lower usage of cash during the six months ended June 30, 2018 due to timing of payments.

Cash used in investing activities
Net cash used in investing activities was nil for the six months ended June 30, 2018, compared to $5 for the six months ended June 30, 2017.

Cash used in financing activities
Net cash used in financing activities was $2,793 for the six months ended June 30, 2018, an increase of $1,063, or 61% compared to $1,730 for the six months ended June 30, 2017. These outflows represent member distributions made during the respective periods.

Contractual obligations
The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company’s commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	36
Later than one year and not later than five years		3
Later than five years		—
Total	**$**	**2,594**

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated useful lives of capital assets, net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

7. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

There have been no changes in, or adoption of, accounting principles since our annual audited financial statements. Refer therein for details.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial and non-financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management.
Management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As the Company does not hold any financial instruments other than the items disclosed in Note 3, the Company considers the market risk to be immaterial.

Interest rate risk: Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have borrowings as of June 30, 2018 and December 31, 2017. As there is no interest, the Company considers interest rate risk to be immaterial.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Equity price risk: Equity price risk is the risk of variability in fair value due to movements in equity or market prices. Marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. The Company has no marketable securities and investments.

Credit risk: Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains a cash balance at one financial institution in the United States which is insured up to $250 by the FDIC. From time-to-time, the Company's balances may exceed this limit. As of June 30, 2018 and December 31, 2017, there is an uninsured limit of approximately $133 and $1,452, respectively. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Regulatory risk: The Company operates in the rapidly growing U.S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path that the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations at the federal level are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products are reversed in the State of Connecticut in the near-term.

9. OUTSTANDING SHARE DATA

The Company was owned in its entirety by one individual for the period ended June 30, 2017. There were no transfers of ownership or authorization or issuance of shares during the period ended June 30, 2017.

On May 31, 2018, High Street Capital Partners, LLC ("HSCP") entered into an agreement to purchase D&B Wellness, LLC. The agreement resulted in HSCP acquiring 100% of the issued and outstanding membership interests in the Company in exchange for $14.5M in consideration consisting of cash, promissory note, and HSCP membership units.

As of June 30, 2018, HSCP continues to hold 100% of the outstanding membership interests in the Company.

Schedule "L"

PRIME WELLNESS OF CONNECTICUT'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

PRIME WELLNESS OF CONNECTICUT, LLC FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

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DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
Prime Wellness of Connecticut, LLC

We have audited the accompanying financial statements of Prime Wellness of Connecticut, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Prime Wellness of Connecticut, LLC as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

November 2, 2018

Chartered Professional Accountants

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PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	Note	December 31, 2017	December 31, 2016
ASSETS			
Cash		$ 1,532	$ 921
Inventory		188	96
Other current assets		10	13
Total current assets		**1,730**	**1,030**
Capital assets, net	5	699	757
Related party note receivable	10	317	—
Other non-current assets		7	7
Total non-current assets		**1,023**	**764**
TOTAL ASSETS		**$ 2,753**	**$ 1,794**
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 151	$ 62
Related party notes payable	10	—	300
Total current liabilities		**151**	**362**
TOTAL LIABILITIES		**151**	**362**
Members Equity	7	2,602	1,432
TOTAL MEMBERS' EQUITY		**2,602**	**1,432**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**$ 2,753**	**$ 1,794**

See accompanying notes to financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	Note	December 31, 2017	December 31, 2016
Revenues, net		$ 9,302	$ 6,357
Less: cost of goods sold		(5,412)	(3,682)
Gross Profit		**3,890**	**2,675**
OPERATING EXPENSES			
Compensation expense		1,143	947
General and administrative	6	449	320
Marketing		8	7
Depreciation expense	5	78	75
Total operating expenses		**1,678**	**1,349**
Income from operations		2,212	1,326
Other expenses		(44)	(70)
Total other expenses		(44)	(70)
Net income and comprehensive income		**$ 2,168**	**$ 1,256**

See accompanying notes to financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	Membership Units	Members' Equity	Retained Earnings (Loss)	Total Members' Equity
December 31, 2015	**1,000,000**	**$ 2,200**	**$ (1,683)**	**$ 517**
Member distributions	—	—	(341)	(341)
Net income and comprehensive income	—	—	1,256	1,256
December 31, 2016	**1,000,000**	**2,200**	**(768)**	**1,432**
Member distributions	—	—	(998)	(998)
Net income and comprehensive income	—	—	2,168	2,168
December 31, 2017	**1,000,000**	**$ 2,200**	**$ 402**	**$ 2,602**

See accompanying notes to financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	**December 31, 2017**	**December 31, 2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 2,168	$ 1,256
Items not affecting cash		
Depreciation	78	75
Increase (decrease) in non-cash working capital items:		
Inventory	(92)	(8)
Other current assets	3	(6)
Accounts payable and accrued liabilities	89	62
Net cash provided by operating activities	**$ 2,246**	**$ 1,379**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(20)	(15)
Related party note receivable	(317)	—
Net cash used in investing activities	**$ (337)**	**$ (15)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	(998)	(341)
Repayment of related party notes payable	(300)	(240)
Net cash used in financing activities	**$ (1,298)**	**$ (581)**
NET INCREASE / (DECREASE) IN CASH	611	782
CASH - Beginning of year	921	138
CASH - End of year	**$ 1,532**	**$ 921**

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

Prime Wellness of Connecticut, LLC (“PWCT” or the "Company") is a for-profit entity formed in Connecticut on August 27, 2013. PWCT is a licensed medical marijuana dispensary in Connecticut, operating in a retail location in South Windsor, Connecticut.

2. BASIS OF PREPARATION

Statement of compliance
The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company's reporting for the years ended December 31, 2017 and 2016. These financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for goods and services generally based upon the fair value at the time of the transaction of the consideration given in the exchange for the asset. In addition, these annual financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company’s functional currency.

Estimates and critical judgements by management
The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
The cash balance is comprised of solely of cash on hand as at December 31, 2017 and 2016.

Inventory
All inventory consists of finished goods. Inventories for finished goods and packaging and supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value.

Capital assets
Capital assets are stated at cost, net of accumulated depreciation and impairment losses, if any. Capital assets are derecognized upon disposal or when no future economic benefits are expected from its use.

Depreciation is calculated using the following terms and methods:

Capital asset class	Method	Time Period
Leasehold improvements	Straight-line	Shorter of useful life or length of the lease term
Furniture, fixtures and equipment	Straight-line	5-7 years

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statements of operations in the year the asset is derecognized. The assets' residual values, useful lives and methods of amortization are reviewed at each financial year end, and adjusted prospectively if appropriate.

Impairment of non-financial assets
Long-lived assets, including capital assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of operations by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount or the carrying amount that would have been recorded had no impairment loss been recognized previously.

Income taxes
The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the members. As such, no recognition of federal or state income taxes for the Company that are organized as limited liability companies have been provided for in the accompanying financial statements. Any uncertain tax position taken by the members is not an uncertain position of the Company.

Revenue
Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped or delivered to customers and:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amounts disclosed as revenue are net of allowances, discounts and rebates.

Additionally, the Company elected to early adopt IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRS guidance. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company does not enter into contracts with customers. Therefore, the early adoption of IFRS 15 did not affect the Company's statement of financial position or cash flows from operating, investing, or financing activities. Furthermore, the impact on timing of revenue recognition was not material as the treatment of revenue for services rendered, as outlined above, is consistent under IFRS 15 and IAS 18.

Financial instruments
The Company early-adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement". The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"). Presently, the Company's only financial instruments are in the form of cash, a related party loan receivable and its corresponding interest, the financial assets held by the Company are measured at amortized cost.

The Company determines classification of financial assets at initial recognition. The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at FVTPL unless they meet the following criteria for amortized cost:

- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities - non-derivative financial liabilities are measured at amortized cost unless they have been designated as FVTPL. Derivative liabilities are initially measured at FVTPL, with subsequent changes in fair market value recognized in the statement of operations.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	Amortized cost
Related party note receivable	Amortized cost
Other non-current assets	Amortized cost
Account payable and accrued liabilities	Amortized cost
Related party notes payable	Amortized cost

New standards and interpretations issued but not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements:

IFRS 16 Leases
In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact of adoption.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated Useful Lives of Capital Assets, Net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

5. CAPITAL ASSETS, net

At December 31, 2017 and 2016, capital assets consist of:

As of December 31,	2017	2016
Furniture, fixtures and equipment	$ 190	$ 180
Leasehold improvements	754	744
Total Capital Assets	**944**	**924**
Less: Accumulated Depreciation	(245)	(166)
Capital Assets, Net	**$ 699**	$ 757

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	**Accumulated Depreciation**	**Capital Assets, Net**
As of December 31, 2015	$ 909	$ (92)	$ 817
Additions	15	—	15
Depreciation	—	(75)	(75)
As of December 31, 2016	**924**	**(167)**	**757**
Additions	20	—	20
Depreciation	—	(78)	(78)
As of December 31, 2017	**$ 944**	**$ (245)**	**$ 699**

6. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2017 and 2016 consist of the following:

	2017	2016
Utilities expense	$ 120	$ 104
Bank charges	111	64
License and permit fees	107	18
Professional fees	57	53
Office expenses	26	29
Insurance expense	10	29
Miscellaneous operating expenses	18	23
Total general and administrative expenses	**$ 449**	**$ 320**

7. MEMBERS' EQUITY

PWCT ownership is comprised of two classes of membership interests; 900,000 Class A shares and 100,000 Class B shares. Class A shares have voting rights while Class B shares are non-voting. There were no transfers of ownership or authorization or issuance of shares during the years then ended.

8. COMMITMENTS

The Company occupies leased space under a five-year lease which began on August 1, 2017 and is due to expire on July 31, 2022.

Minimum lease rentals are as follows:

Years ended December 31,		Amount
2018	$	27
2019		27
2020		27
2021		27
2022		16
Total	**$**	**124**

9. RISK MANAGEMENT

The Company has exposure to risks from its use of financial instruments and periodically assesses the impact and likelihood of those risks. These risks include:

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and related party note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is held by a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include components of members' equity as well as cash. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

10. RELATED PARTY TRANSACTIONS

In November 2017, the Company issued a commercial installment note with Community Administrative Services, LLC ("CAS") for $317. CAS shares a common ownership interest with PWCT. This agreement was entered into in November 2017 with a maturity date of December 1, 2028 and has an interest rate of 8%.

The Company has received loans from a founding member during 2014 and 2015 in the form of promissory notes. $300 was outstanding as of December 31, 2016 and the balance was paid in full in 2017. Interest payments during 2016 and 2017 were $69 and $45, respectively.

11. SUBSEQUENT EVENTS

High Street Capital Partners, LLC acquired all remaining 82.5% ownership interests in Prime Wellness of Connecticut on September 13, 2018 for a total consideration of $10,000 in the form of cash, stock, and a note payable.

Schedule "M"

PRIME WELLNESS OF CONNECTICUT'S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Prime Wellness of Connecticut, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**PWCT**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

PWCT is a for-profit entity formed on August 27, 2013 in Connecticut. PWCT is one of nine licensed dispensaries in Connecticut, operating in a 3,200 square foot retail location in South Windsor, CT. The Company received a Medical Marijuana Dispensary License from the State of Connecticut's Department of Consumer Protection on April 10, 2014 and opened to licensed patients on August 1, 2014.

Highlights from the year ended December 31, 2017

2017 was a transformational year for Prime Wellness of Connecticut, as we evolved into one of the largest cannabis dispensaries in Connecticut. Sales grew to over $9M, as can be seen on the Statement of Operations and Comprehensive Income. Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. PWCT's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in Connecticut. As at December 31, 2017, the Company had operations only in the state of Connecticut.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year December 31,		Change	
	2017	**2016**	**$**	**%**
Revenues, net	$ 9,302	$ 6,357	$ 2,945	46%
Cost of goods sold	(5,412)	(3,682)	(1,730)	(47)%
Gross profit	3,890	2,675	1,215	45%
Total operating expenses	(1,678)	(1,349)	(329)	(24)%
Total other income (loss), net	(44)	(70)	26	37%
Net income	$ 2,168	$ 1,256	$ 912	73%
Total assets	$ 2,753	$ 1,794	$ 959	53%
Long-term liabilities	$ —	$ —	$ —	n/m

n/m - Not meaningful

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

The Company derives its revenues from its retail dispensary business where cannabis and cannabis-infused products are sold to consumers.

Revenues for the year ended December 31, 2017 were $9,302, an increase of $2,945, or 46%, from the year ended December 31, 2016. The increase was driven by a significant increase in the number of registered patients in the state of Connecticut. Additionally, the Company is relatively new as 2015 was its first full year of operations. The increase in sales are reflective of the growing customer base of the Company.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold for the year ended December 31, 2017 was $5,412, an increase of $1,730, or 47%, from the year ended December 31 2016, primarily due to the increase in operations mentioned above. The gross profit margin for the years ended December 31, 2017 and 2016 was 42% and 42%, respectively.

Total operating expenses

Total operating expenses consist primarily of administrative costs, personnel costs including salaries, incentive compensation, and benefits, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses for the year ended December 31, 2017 was $1,678, an increase of $329, or 24%, compared to the year ended December 31, 2016. This was primarily driven by increased general and administrative expenses reflecting the increased volume of services required as the Company's operations increased over the year, as well as increased compensation expense driven by an increase in headcount from the scaling up of operations.

Total other income (loss), net

Total other loss for the year ended December 31, 2017 was $44, an decrease of $26 when compared to a loss of $70 for the year ended December 31, 2016. The decrease is primarily driven by $25 lower interest expense.

Net income

Net income for the year ended December 31, 2017 was $2,168, an increase of $912 or 73%, compared to net income of $1,256 for the year ended December 31, 2016. The increase in net income was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the year ended December 31,		Change	
	2017	2016	$	%
Net cash provided by operating activities	$ 2,246	$ 1,379	$ 867	63%
Net cash used in investing activities	(337)	(15)	(322)	(2,147)%
Net cash used in financing activities	(1,298)	(581)	(717)	(123)%
Change in cash	$ 611	$ 782	$ (172)	(22)%

As at December 31, 2017, we had $1,532 of cash and $1,579 of working capital surplus (current assets minus current liabilities), compared with $921 of cash and $668 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities

Net cash provided by operating activities was $2,246 for the year ended December 31, 2017, an increase of $867, or 63%, compared to $1,379 for the year ended December 31, 2016. The increase was primarily driven by the increased net income, partially offset by the higher usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash used in investing activities

Net cash used in investing activities was $337 for the year ended December 31, 2017, an increase of $322, or 2,147%, compared to $15 for the year ended December 31, 2016.

The outflow of $337 for the year ended December 31, 2017 primarily consisted of $317 in related party note receivable issued. The major outflows for the year ended December 31, 2016 consisted of $15 of fixed asset purchases.

Cash used in financing activities

Net cash used in financing activities was $1,298 for the year ended December 31, 2017, an increase of $717, or 123%, compared to $581 for the year ended December 31, 2016.

The outflow of $1,298 for the year ended December 31, 2017 consisted of $998 in member distributions and $300 in repayment of a related party notes payable.

The outflow for the year ended December 31, 2016 represents $341 of member distributions and $240 in repayment of a related party notes payable.

Contractual obligations

The Company and its subsidiaries have entered into operating lease agreements for its dispensary. The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	27
Later than one year and not later than five years		97
Later than five years		—
Total	**$**	**124**

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

The Company issued a commercial installment note with Community Administrative Services, LLC ("CAS"), which shares a common ownership interest with PWCT. This agreement was entered into in November 2017 with a maturity date of December 1, 2028.

As described in Note 10 of the annual audited financial statements, the Company received loans from a founding member during 2014 and 2015 in the form of promissory notes. $300 was outstanding as of December 31, 2016 and the balance was paid in full in 2017.

7. PROPOSED TRANSACTIONS

Subsequent event
High Street Capital Partners, LLC acquired all ownership interests in Prime Wellness of Connecticut on September 13, 2018 for a total consideration of $10M in the form of cash, stock, and a note payable.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated Useful Lives of Capital Assets, Net

The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets

At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements:

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact of adoption.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to risks from its use of financial instruments and periodically assesses the impact and likelihood of those risks. These risks include:

Market risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk

Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and related party note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is held by a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include components of members' equity as well as cash. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

11. OUTSTANDING SHARE DATA

PWCT ownership is comprised of two classes of membership interests; 900,000 Class A shares and 100,000 Class B shares. Class A shares have voting rights while Class B shares are non-voting. There were no transfers of ownership or authorization or issuance of shares during the three and six months ended June 30, 2018 and June 30, 2017.

Schedule "N"

PRIME WELLNESS OF CONNECTICUT'S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

PRIME WELLNESS OF CONNECTICUT, LLC
CONDENSED INTERIM FINANCIAL STATEMENTS

As of June 30, 2018 and December 31, 2017
For the Three and Six Months Ended June 30, 2018 and June 30, 2017

(Unaudited)

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PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(Expressed in $000's USD, except unit data)	Note	June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 1,033	$ 1,532
Inventory		185	188
Other current assets		11	10
Total current assets		**1,229**	**1,730**
Capital assets, net	4	702	699
Related party note receivable	9	417	317
Other non-current assets		7	7
Total non-current assets		**1,126**	**1,023**
TOTAL ASSETS		**$ 2,355**	**$ 2,753**
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 144	$ 151
Total current liabilities		**144**	**151**
TOTAL LIABILITIES		**$ 144**	**$ 151**
Members Equity	6	2,211	2,602
TOTAL MEMBERS' EQUITY		**$ 2,211**	**$ 2,602**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**$ 2,355**	**$ 2,753**

See accompanying notes to the condensed interim financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(Expressed in $000's USD, except unit data)	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Revenues, net		$ 2,748	$ 2,290	$ 5,340	$ 4,392
Less: cost of goods sold		(1,630)	(1,304)	(3,197)	(2,536)
Gross Profit		**1,118**	**986**	**2,143**	**1,856**
OPERATING EXPENSES					
General and administrative	5	155	118	263	211
Compensation expense		374	335	607	599
Marketing		1	2	1	6
Depreciation expense	4	20	20	40	39
Total operating expenses		**550**	**475**	**911**	**855**
Income from operations		$ 568	$ 510	$ 1,232	$ 1,001
Other expenses		—	(11)	—	(22)
Total other expenses		—	(11)	—	(22)
Net income before income taxes		$ 568	499	$ 1,232	$ 979
Income taxes		100	—	100	—
Net income and comprehensive income		**$ 468**	**$ 499**	**$ 1,132**	**$ 979**

See accompanying notes to the condensed interim financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF MEMBERS' EQUITY
(Unaudited)

(Expressed in $000's USD, except unit data)	Membership Units	Contributed Capital	Retained Earnings (Accumulated Deficit)	Total Members' Equity
December 31, 2016	**1,000,000**	**$ 2,200**	**$ (768)**	$ 1,432
Member distributions	—	—	(990)	(990)
Net income and comprehensive income	—	—	979	979
Balance at June 30, 2017	**1,000,000**	**2,200**	**(779)**	**1,421**
December 31, 2017	**1,000,000**	**2,200**	**402**	**2,602**
Member distributions	—	—	(1,523)	(1,523)
Net income and comprehensive income	—	—	1,132	1,132
Balance at June 30, 2018	**1,000,000**	**$ 2,200**	**$ 11**	**$ 2,211**

See accompanying notes to the condensed interim financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF CASH FLOWS
(Unaudited)

(Expressed in $000's USD, except unit data)	**Six months ended June 30, 2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 1,132	$ 979
Items not affecting cash		
Depreciation	40	39
Increase (decrease) in non-cash working capital items:		
Inventory	3	(109)
Other current assets	(1)	(1)
Accounts payable and accrued liabilities	(7)	68
Net cash provided by operating activities	**$ 1,167**	**$ 976**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(43)	(18)
Related party note receivable	(100)	(9)
Net cash used in investing activities	**$ (143)**	**$ (27)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	(1,523)	(990)
Net cash used in financing activities	**$ (1,523)**	**$ (990)**
NET INCREASE / (DECREASE) IN CASH	(499)	(41)
CASH - Beginning of year	1,532	921
CASH - End of year	**$ 1,033**	**$ 880**

See accompanying notes to the condensed interim financial statements

1. NATURE OF OPERATIONS

Prime Wellness of Connecticut, LLC (“PWCT” or the "Company") is a for-profit entity formed in Connecticut on August 27, 2013. PWCT is a licensed medical marijuana dispensary in Connecticut, operating in a retail location in South Windsor, Connecticut.

2. BASIS OF PREPARATION

Statement of compliance
The accompanying condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These condensed interim financial statements for the three and six months ending June 30, 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements at December 31, 2017. These condensed interim consolidated financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These condensed interim financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for goods and services generally based upon the fair value at the time of the transaction of the consideration given in the exchange for the asset. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The condensed interim financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company’s functional currency.

Significant accounting policies
The significant accounting policies as disclosed in the Company’s annual consolidated financial statements as at December 31, 2017 have been applied consistently in the preparation of these condensed interim consolidated financial statements.

Estimates and critical judgements by management
The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated Useful Lives of Capital Assets, Net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

4. CAPITAL ASSETS, net

At June 30, 2018 and December 31, 2017, capital assets consist of:

	June 30, 2018	December 31, 2017
Furniture, fixtures and equipment	$ 204	$ 190
Leasehold improvements	783	754
Total Capital Assets	**987**	**944**
Less: Accumulated Depreciation	(285)	(245)
Capital Assets, Net	**$ 702**	**$ 699**

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	Accumulated Depreciation	Capital Assets, Net
As of December 31, 2016	**924**	**(167)**	**757**
Additions	20	—	20
Depreciation	—	(78)	(78)
As of December 31, 2017	**944**	**(245)**	**699**
Additions	43	—	43
Depreciation	—	(40)	(40)
As of June 30, 2018	**987**	**(285)**	**702**

5. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses as of June 30, 2018 and 2017 consist of the following:

	Six months ended June 30,	
	2018	**2017**
Utilities expense	$ 68	$ 64
Bank charges	63	53
License and permit fees	63	44
Professional fees	34	26
Office expenses	13	10
Insurance expense	14	4
Miscellaneous operating expenses	8	10
Total general and administrative expenses	**$ 263**	**211**

6. MEMBERS' EQUITY

PWCT ownership is comprised of two classes of membership interests; 900,000 Class A shares and 100,000 Class B shares. Class A shares have voting rights while Class B shares are non-voting. There were no transfers of ownership or authorization or issuance of shares during the three and six months ended June 30, 2018 and June 30, 2017.

7. COMMITMENTS

The Company occupies leased space under a five-year lease which began on August 1, 2017 and is due to expire on July 31, 2022.

Minimum lease rentals are as follows:

Years ended December 31,	**Amount**
2018	14
2019	27
2020	27
2021	27
2022	16
Total	**$ 111**

8. RISK MANAGEMENT

The Company has exposure to risks from its use of financial instruments and periodically assesses the impact and likelihood of those risks. These risks include:

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and related party note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is held by a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include components of members' equity as well as cash. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

9. RELATED PARTY TRANSACTIONS

The Company issued a commercial installment note with Community Administrative Services, LLC ("CAS"), which shares a common ownership interest with PWCT. This agreement was entered into in November 2017 with a maturity date of December 1, 2028.

10. SUBSEQUENT EVENTS

High Street Capital Partners, LLC acquired all ownership interests in Prime Wellness of Connecticut on September 13, 2018 for a total consideration of $10,000 in the form of cash, stock, and a note payable.

Schedule "O"

PRIME WELLNESS OF CONNECTICUT'S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Prime Wellness of Connecticut, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**PWCT**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

PWCT is a for-profit entity formed on August 27, 2013 in Connecticut. PWCT is one of nine licensed dispensaries in Connecticut, operating in a 3,200 square foot retail location in South Windsor, CT. The Company received a Medical Marijuana Dispensary License from the State of Connecticut's Department of Consumer Protection on April 10, 2014 and opened to licensed patients on August 1, 2014.

Highlights from the three and six months ended June 30, 2018

2018 is on pace to be a record year for Prime Wellness of Connecticut. Sales grew to over approximately $5.3M through the first six months, an increased of approximately $1M from the same period in 2017. These numbers can be seen on the Statement of Operations and Comprehensive Income.

Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. PWCT's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in Connecticut. As at December 31, 2017, the Company had operations only in the state of Connecticut.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Revenues, net	$ 2,748	$ 2,290	$ 458	20%	$ 5,340	$ 4,392	$ 948	22%
Cost of goods sold	(1,630)	(1,304)	(326)	(25)	(3,197)	(2,536)	(661)	(26)
Gross profit	1,118	986	132	13	2,143	1,856	287	15
Total operating expenses	(550)	(475)	(75)	(16)	(911)	(855)	(56)	(7)
Total other expenses	—	(11)	11	n/m	—	(22)	22	n/m
Income tax expense	(100)	—	(100)	n/m	(100)	—	(100)	n/m
Net income	$ 468	$ 499	$ (31)	(6)%	$ 1,132	$ 979	$ 153	16%

			Change	
	June 30, 2018	December 31, 2017	$	%
Total assets	$ 2,355	$ 2,753	$ (398)	(14)%

n/m - Not meaningful

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Revenues

The Company derives its revenues from its retail dispensary business where cannabis and cannabis-infused products are sold to consumers.

Revenues increased $458, or 20%, to $2,748 and $948, or 22%, to $5,340 in the three and six months ended June 30, 2018, respectively. The increase was driven by continued growth in the number of registered patients in the state of Connecticut and specifically those registered to PWCT.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold increased $326, or 25%, to $1,630 and $661, or 26%, to $3,197 in the three and six months ended June 30, 2018, respectively, primarily due to the increase in operations mentioned above. The gross profit margin was 41% and 43% for the three months ended June 30, 2018 and 2017, respectively, and 40% and 42% for the six months ended June 30, 2018 and 2017, respectively.

Total operating expenses

Total operating expenses consist primarily of administrative costs, personnel costs including salaries, incentive compensation, and benefits, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses increased $75, or 16%, to $550 and $56, or 7%, to $911 in the three and six months ended June 30, 2018, respectively. This was primarily driven by increased general and administrative expenses reflecting the increased volume of services required as the Company's operations increased over the year.

Total other expenses

Total other expenses were nil in the three and six months ended June 30, 2018, compared to $11 and $22 in the three and six months ended June 30, 2017. These amounts represented interest payments made by PWCT. The loan was paid off in full in 2017.

Net income

Net income decreased $31, or 6%, to $468 and increased $153, or 16%, to $1,132 in the three and six months ended June 30, 2018, respectively. The changes in net income were driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	**For the six months ended June 30,**		**Change**	
	2018	**2017**	**$**	**%**
Net cash provided by operating activities	$ 1,167	$ 976	$ 191	20%
Net cash used in investing activities	(143)	(27)	(116)	(430)%
Net cash used in financing activities	(1,523)	(990)	(533)	(54)%
Change in cash	$ (499)	$ (42)	$ (458)	(1,090)%

As at June 30, 2018, we had $1,033 of cash and $1,085 of working capital surplus (current assets minus current liabilities), compared with $880 of cash and $677 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities

Net cash provided by operating activities was $1,167 for the six months ended June 30, 2018, an increase of $191, or 20%, compared to $976 for the six months ended June 30, 2017. The increase was primarily driven by the increased net income and the lower usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash used in investing activities

Net cash used in investing activities was $143 for the six months ended June 30, 2018, an increase of $116, or 430%, compared to $27 for the six months ended June 30, 2017.

The outflow of $143 for the year ended December 31, 2017 consisted of $100 in related party note receivable issued and $43 in fixed asset purchases. The outflow of $27 for the year ended December 31, 2016 consisted of $9 in related party note receivable issued and $18 of fixed asset purchases.

Cash used in financing activities

Net cash used in financing activities was $1,523 for the year ended December 31, 2017, an increase of $533, or 54%, compared to $990 for the year ended December 31, 2016.

The outflow of $1,523 and $990 for the year ended December 31, 2017 and 2016, respectively, represented member distributions made.

Contractual obligations

The Company and its subsidiaries have entered into operating lease agreements for its dispensary.

The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	14
Later than one year and not later than five years		97
Later than five years		—
Total	**$**	**111**

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

The Company issued a commercial installment note with Community Administrative Services, LLC ("CAS"), which shares a common ownership interest with PWCT. This agreement was entered into in November 2017 with a maturity date of December 1, 2028.

7. PROPOSED TRANSACTIONS

Subsequent event

High Street Capital Partners, LLC acquired all ownership interests in Prime Wellness of Connecticut on September 13, 2018 for a total consideration of $10M in the form of cash, stock, and a note payable.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated Useful Lives of Capital Assets, Net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

There have been no changes in, or adoption of, accounting principles since our annual audited financial statements. Refer therein for details.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to risks from its use of financial instruments and periodically assesses the impact and likelihood of those risks. These risks include:

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and related party note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is held by a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include components of members' equity as well as cash. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

11. OUTSTANDING SHARE DATA

PWCT ownership is comprised of two classes of membership interests; 900,000 Class A shares and 100,000 Class B shares. Class A shares have voting rights while Class B shares are non-voting. There were no transfers of ownership or authorization or issuance of shares during the three and six months ended June 30, 2018 and June 30, 2017.

Schedule "P"

THE WELLNESS & PAIN MANAGEMENT CONNECTION'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016
(Expressed in US Dollars, unless otherwise stated)

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DAVIDSON & COMPANY LLP — Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
The Wellness & Pain Management Connection, LLC

We have audited the accompanying financial statements of The Wellness & Pain Management Connection, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016 and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Wellness & Pain Management Connection, LLC as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

November 2, 2018

A member of Nexia International

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THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

(Expressed in U.S. dollars)	Note	December 31, 2017	December 31, 2016
ASSETS			
Cash		$ 161,402	$ 134,467
Note receivable from related party, current portion	8	625,755	589,149
Other current assets		103,314	—
Total current assets		890,471	723,616
Note receivable from related party	8	444,781	1,112,180
Total non-current assets		444,781	1,112,180
TOTAL ASSETS		$ 1,335,252	$ 1,835,796
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities	6	$ 50,878	$ 500,115
TOTAL LIABILITIES		50,878	500,115
Members' equity	7	4,800,007	4,800,007
Retained loss		(3,515,633)	(3,464,326)
TOTAL MEMBERS' EQUITY		1,284,374	1,335,681
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 1,335,252	$ 1,835,796

See accompanying notes to financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(U.S. dollars, except unit data)	Note	December 31, 2017	December31, 2016
Revenues, net		$ 1,987,803	$ 4,178,581
Less: cost of goods sold		(429,410)	—
Gross profit		1,558,393	4,178,581
OPERATING EXPENSES			
General and administrative	5	791,074	610,597
Total operating expenses		791,074	610,597
Income from operations		767,319	3,567,984
Other income		115,384	162,400
Total other income		115,384	162,400
Net income and comprehensive income		$ 882,703	$ 3,730,384

See accompanying notes to financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(U.S. dollars, except unit data)	Membership Units	Members' Equity	Retained Loss	Total Members' Equity
December 31, 2015	6,000,000	$ 4,800,007	$ (2,626,495)	$ 2,173,512
Distributions, net	—	—	(4,568,215)	(4,568,215)
Net income and comprehensive income	—	—	3,730,384	3,730,384
December 31, 2016	6,000,000	4,800,007	(3,464,326)	1,335,681
Distributions, net	—	—	(934,010)	(934,010)
Net income and comprehensive income	—	—	882,703	882,703
December 31, 2017	6,000,000	$ 4,800,007	$ (3,515,633)	$ 1,284,374

See accompanying notes to financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(expressed in U.S. dollars)	**December 31, 2017**	**December 31, 2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 882,703	$ 3,730,384
Changes in non-cash working capital items:		
Interest receivable from related party	13,890	(9,807)
Other current assets	(103,314)	—
Accounts payable and accrued liabilities	(449,237)	500,114
Net cash provided by operating activities	**$ 344,042**	**$ 4,220,691**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes issued to related party	616,903	478,798
Net cash provided by investing activities	**$ 616,903**	**$ 478,798**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital distributions, net	(934,010)	(4,568,215)
Net cash used in financing activities	**$ (934,010)**	**$ (4,568,215)**
NET INCREASE IN CASH	26,935	131,274
CASH - Beginning of year	134,467	3,193
CASH - End of year	**$ 161,402**	**$ 134,467**

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

The Wellness & Pain Management Connection, LLC ("WPMC" or the "Company") is a for-profit entity formed on August 3, 2011 in the State of Delaware that provides financing and consulting services through a consulting agreement with Northeast Patient Group doing business as Wellness Connection of Maine ("WCM"). WCM is a non-profit entity formed on November 15, 2010 in the State of Maine that holds four dispensary licenses from the Maine Department of Health and Human Services.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in these financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2017. These financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these annual financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
The cash balance is comprised of solely of cash on hand as at December 31, 2017 and 2016.

Financial instruments
The Company early-adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement". The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI").

As the Company's only financial instruments are in the form of cash, a related party loan receivable and its corresponding interest, the financial assets held by the Company are measured at amortized cost.

The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at FVTPL unless they meet the following criteria for amortized cost:
- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	Classification
Cash	Amortized Cost
Notes from related party	Amortized Cost

Revenue
Management fee revenue is recognized at the fair value of consideration received or receivable. The Company's revenue is derived from a consulting agreement made with WCM in which WPMC receives consideration for certain services provided as defined in the consulting agreement executed on August 3, 2011.

Revenue is recognized at the fair value of consideration received or receivable. Revenue is recognized when the following conditions have been satisfied: persuasive evidence of an arrangement exists, services are rendered, the price is fixed or determinable, and collectibilty is reasonably assured.

Additionally, the Company elected to early adopt IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRS guidance. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

As described above, the Company's only source of revenue is through a management and consulting agreement with WCM. The early adoption of IFRS 15 did not affect the Company’s statement of financial position or cash flows from operating, investing, or financing activities. Furthermore, the impact on timing of revenue recognition was not material as the treatment of revenue for services rendered is consistent under IFRS 15 and IAS 18.

Income taxes
The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company or its subsidiaries that are organized as limited liability companies have been provided for in the accompanying financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

Critical accounting estimates and judgements
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

New standards and interpretations issued but not yet adopted
A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements:

Leases
In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the Statement of Operations with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our financial statements.

4. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. Additionally, the Company currently receives all of its revenue based upon a management and consulting agreement with WCM. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

5. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2017 and 2016 consist of the following:

		2017		2016
Board of directors fees	$	110,000	$	28,300
Professional fees		597,351		310,596
Cultivation consulting expense		—		198,000
Other operating expenses		83,723		73,701
Total general and administrative expenses	**$**	**791,074**	**$**	**610,597**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the years ended December 31, 2017 and 2016 consist of the following:

		2017		2016
Accrued consulting fees	$	41,878	$	—
Tax distributions payable		—		428,977
Other accrued liabilities		9,000		71,138
Total accounts payable and accrued liabilities	**$**	**50,878**	**$**	**500,115**

7. MEMBERS' EQUITY

WPMC ownership is comprised of two classes of membership interests; 2,400,000 Class A shares and 3,600,000 Class B shares.

Company distributions have repaid Class B shareholders their invested capital and preferred return and met the Class A shareholder target distribution. Consequently, all ongoing distributions are paid to investors in pro-rata fashion, reflecting their ownership interests, irrespective of whether they are comprised of Class A or Class B shares.

During the years ended December 31, 2017 and 2016, there were no additional shares issued or authorized.

8. RELATED PARTY TRANSACTIONS

As described in Note 1, WPMC renders consulting services and assistance to WCM pursuant to agreements between the Company and WCM and in compliance with the laws, rules and regulations of the State of Maine, as was approved by the State of Maine Department of Health and Human Services ("DHHS"). WPMC has a common ownership interest with WCM.

WPMC has issued several loans to WCM over the course of the agreement as part of this assistance. These loans, in aggregate, total $4,050,000 in principal at an interest rate of 8.5% and are due as of August 15, 2019. No loans have been issued since 2012. The balance of the loans due from WCM is $625,755 in the year of 2018 with the remainder of the balance, $444,781, due in 2019.

Additionally, as part of the terms and conditions of the agreement, WCM makes royalty payments to WPMC based on a percentage of net sales of products. WPMC then remits a portion of these royalty payments to CanWell, an investor in WPMC, in exchange for consulting services related to botanical processing.

All parties can opt out of the arrangement subject to the terms of the consulting agreement.

9. SUBSEQUENT EVENTS

In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, increased its ownership interest in The Wellness & Pain Management Connection, LLC, to a controlling interest after a $19.4 million all-in consideration.

Schedule "Q"

THE WELLNESS & PAIN MANAGEMENT CONNECTION'S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of The Wellness & Pain Management Connection, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**WPMC**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

WPMC is a for-profit entity formed on August 3, 2011 in the State of Delaware that provides financing and consulting services through a consulting agreement with Northeast Patient Group doing business as Wellness Connection of Maine ("WCM"). WCM is a non-profit entity formed on November 15, 2010 in the State of Maine that holds four dispensary licenses from the Maine Department of Health and Human Services and began operating medicinal dispensary operations in Bath, Brewer, Gardiner and Portland, Maine in 2011. WCM also operates a 40,000 square foot marijuana cultivation / processor facility in Auburn, Maine.

Highlights from the year ended December 31, 2017

2017 was a busy year for Maine from a regulatory perspective. While medical marijuana has been legal in some fashion since 1999, the state has been making efforts to legalize recreational use as well. Voters in Maine approved of legalization at the ballot box in November 2016. However, in November 2017, Gov. Paul LePage vetoed a bill that would have allowed for recreational use. This veto was overturned by the State House several months later.

Therefore, while the future of recreational use in Maine remains in question, the medical use business has continued to flourish with over $14M in sales at WCM for the year ended December 31, 2017.

Operational and Regulation Overview

Maine has allowed prescribing and limited possession of medical marijuana since 1999, but the law lacked any distribution mechanism. On November 3, 2009 a referendum approved medical-grade marijuana to be dispensed by licensed dispensaries to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and PTSD. WPMC provides management and operational services to WCM, a non-profit entity holding four dispensary certificates of registration and one cultivation and processing certificate of registration.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year ended December 31,		Change	
	2017	**2016**	**$**	**%**
Revenues, net	$ 1,987,803	$ 4,178,581	$ (2,190,778)	(52)%
Cost of goods sold	(429,410)	—	(429,410)	n/m
Gross profit	1,558,393	4,178,581	(2,620,188)	(63)%
Total operating expenses	(791,074)	(610,597)	(180,477)	30%
Total other income, net	115,384	162,400	(47,016)	(29)%
Net income	$ 882,703	$ 3,730,384	$ (2,847,681)	(76)%
Total assets	$ 1,335,252	$ 1,835,796	$ (500,544)	(27)%
n/m - Not meaningful				

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

The Company derives its revenues through a management and consulting agreement with a retail dispensary and cultivation business where cannabis and cannabis-infused products are sold to consumers.

Revenues for the year ended December 31, 2017 were $1,987,803, a decrease of $2,190,778, or 52%, from the year ended December 31, 2016. The decrease was driven by decreased sales at the non-profit entity, WCM, and the continued build out of the cultivation facility mentioned in Section 2.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold for the year ended December 31, 2017 was $429,410, compared to nil for the year ended December 31 2016, due to a consulting agreement entered into that is directly attributable to the sale of edible-related products sold at the non-profit. The gross profit margin for the years ended December 31, 2017 and 2016 was 78% and 100%, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses for the year ended December 31, 2017 was $791,074, an increase of $180,477, or 30%, compared to the year ended December 31, 2016. This was driven by increased general and administrative expenses, especially in professional fees, reflecting the increased complexity of services required by the Company.

Total other income, net

Total other income for the year ended December 31, 2017 was $115,384, a decrease of $47,016, or 29%, compared to the year ended December 31, 2016. The decrease is driven by lower interest payments made on an outstanding loan receivable WPMC entered into with WCM. The Company predicts this amount will continue to decrease until the loan is paid off in its entirety in 2019.

Net income

Net income for the year ended December 31, 2017 was $882,703, a decrease of $2,847,681 or 76%, compared to net income of $3,730,384 for the year ended December 31, 2016. The decrease in net income was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	**For the year ended December 31,**		**Change**	
	2017	**2016**	**$**	**%**
Net cash provided by operating activities	$ 344,042	$ 4,220,691	$ (3,876,649)	(92)%
Net cash provided by investing activities	616,903	478,798	138,105	29%
Net cash used in financing activities	(934,010)	(4,568,215)	3,634,205	(80)%
Change in cash	$ 26,935	$ 131,274	$ (104,339)	(79)%

As at December 31, 2017, we had $161,402 of cash and $839,593 of working capital surplus (current assets minus current liabilities), compared with $134,467 of cash and $223,501 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities

Net cash provided by operating activities was $344,042 for the year ended December 31, 2017, a decrease of $3,876,649, or 92%, compared to $4,220,691 for the year ended December 31, 2016. The decrease was primarily driven by the decreased net income and the higher usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash provided by investing activities

Net cash provided by investing activities was $616,903 for the year ended December 31, 2017, an increase of $138,105, or 29%, compared to $478,798 for the year ended December 31, 2016.

The inflows of $616,903 and $478,798 for the years ended December 31, 2017 and 2016 consisted of repayments received from the note receivable issued to the non-profit entity, WCM.

Cash used in financing activities

Net cash used in financing activities was $934,010 for the year ended December 31, 2017, a decrease of $3,634,205, or 80%, compared to $4,568,215 for the year ended December 31, 2016.

The outflows for both years represent capital distributions to the various members of the Company. Due to the decreased net income in 2017, less capital distributions were made to the members for the year ended December 31, 2017.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

WPMC renders consulting services and assistance to WCM pursuant to agreements between the Company and WCM and in compliance with the laws, rules and regulations of the State of Maine, as was approved by the State of Maine Department of Health and Human Services ("DHHS"). WPMC has a common ownership interest with WCM and has issued several loans over the course of the agreement as part of this assistance. No loans have been issued since 2012. Refer to Note 8 in the annual audited financial statements for further details on these loans.

Additionally, as part of the terms and conditions of the agreement, WCM makes royalty payments to WPMC based on a percentage of net sales of products. WPMC then remits a portion of these royalty payments to CanWell, an investor in WPMC, in exchange for consulting services related to botanical processing.

All parties can opt out of the arrangement subject to the terms of the consulting agreement.

7. PROPOSED TRANSACTIONS

In 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, increased its ownership interest in The Wellness & Pain Management Connection, LLC, to a controlling interest after a $19.4M all-in consideration.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements:

Leases
In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the Statement of Operations with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our financial statements.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. Additionally, the Company currently receives all of its revenue based upon a management and consulting agreement with WCM. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

11. OUTSTANDING SHARE DATA

WPMC ownership is comprised of two classes of membership interests; 2,400,000 Class A shares and 3,600,000 Class B shares.

Company distributions have repaid Class B shareholders their invested capital and preferred return and met the Class A shareholder target distribution. Consequently, all ongoing distributions are paid to investors in pro-rata fashion, reflecting their ownership interests, irrespective of whether they are comprised of Class A or Class B shares.

During the years ended December 31, 2017 and 2016, there were no additional shares issued or authorized.

Schedule "R"

THE WELLNESS & PAIN MANAGEMENT CONNECTION'S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2018 and 2017
(Expressed in US Dollars, unless otherwise stated)
(Unaudited)

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THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017
(Unaudited)

(Expressed in U.S. dollars)	Note	June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 5,024	$ 161,402
Note receivable from related party, current portion	7	648,604	625,755
Other current assets		—	103,314
Total current assets		653,628	890,471
Note receivable from related party	7	113,554	444,781
Total non-current assets		113,554	444,781
TOTAL ASSETS		767,182	1,335,252
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities	5	8,783	50,878
TOTAL LIABILITIES		8,783	50,878
Contributed capital	6	4,800,007	4,800,007
Accumulated deficit		(4,041,608)	(3,515,633)
TOTAL MEMBERS' EQUITY		758,399	1,284,374
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 767,182	$ 1,335,252

See accompanying notes to the condensed interim financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(U.S. dollars, except unit data)	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Revenues, net		$ 40,000	$ 451,185	$ 140,000	$ 1,210,806
Less: Sub-consulting fee		(26,667)	(84,537)	(70,133)	(124,811)
Gross profit		13,333	366,648	69,867	1,085,995
OPERATING EXPENSES					
General and administrative	4	82,844	246,009	250,596	424,156
Total operating expenses		82,844	246,009	250,596	424,156
Income (loss) from operations		$ (69,511)	$ 120,639	$ (180,729)	$ 661,839
Other income		18,569	31,190	35,993	58,559
Total other income		18,569	31,190	35,993	58,559
Net income (loss) and comprehensive income (loss)		$ (50,942)	$ 151,829	$ (144,736)	$ 720,398

See accompanying notes to the condensed interim financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(US dollars, except unit data)	Membership Units	Contributed Capital	Accumulated Deficit	Total Members' Equity
December 31, 2016	6,000,000	$ 4,800,007	$ (3,464,326)	$ 1,335,681
Distributions, net	—	—	(656,467)	(656,467)
Net income and comprehensive income	—	—	720,398	720,398
June 30, 2017	6,000,000	4,800,007	(3,400,395)	1,399,612
December 31, 2017	6,000,000	$ 4,800,007	$ (3,515,633)	$ 1,284,374
Distributions, net	—	—	(381,239)	(381,239)
Net loss and comprehensive loss	—	—	(144,736)	(144,736)
June 30, 2018	6,000,000	$ 4,800,007	$ (4,041,608)	$ 758,399

See accompanying notes to the condensed interim financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(expressed in U.S. dollars)	**June 30, 2018**	**June 30, 2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ (144,736)	$ 720,398
Changes in non-cash working capital items:		
Other current assets	107,288	17,864
Accounts payable and accrued liabilities	(42,095)	(479,115)
Net cash provided by (used in) operating activities	**$ (79,543)**	**$ 259,147**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes issued to related party	304,403	325,377
Net cash provided by investing activities	**$ 304,403**	**$ 325,377**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital distributions, net	(381,238)	(656,467)
Net cash used in financing activities	**$ (381,238)**	**$ (656,467)**
NET DECREASE IN CASH	(156,378)	(71,943)
CASH - Beginning of year	161,402	134,467
CASH - End of year	**$ 5,024**	**$ 62,524**

See accompanying notes to the condensed interim financial statements

1. NATURE OF OPERATIONS

The Wellness & Pain Management Connection, LLC ("WPMC" or the "Company") is a for-profit entity formed on August 3, 2011 in the State of Delaware that provides financing and consulting services through a consulting agreement with Northeast Patient Group doing business as Wellness Connection of Maine ("WCM"). WCM is a non-profit entity formed on November 15, 2010 in the State of Maine that holds four of the eight dispensary licenses from the Maine Department of Health and Human Services.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in these condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's interim reporting period ended June 30, 2018.

These condensed interim financial statements for the three and six months ending June 30, 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements at December 31, 2017. These condensed interim consolidated financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These condensed interim financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting.

Significant accounting policies
The significant accounting policies as disclosed in the Company's annual consolidated financial statements as at December 31, 2017 have been applied consistently in the preparation of these condensed interim consolidated financial statements.

Basis of financial statements
The condensed interim financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company's functional currency.

3. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions.
Additionally, the Company currently receives all of its revenue based upon a management and consulting agreement with WCM. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

4. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the periods ended June 30, 2018 and 2017 consist of the following:

	June 30, 2018	June 30, 2017
Board of directors fees	$ 46,200	$ 74,300
Professional fees	154,851	193,839
Other operating expenses	49,545	156,017
Total general and administrative expenses	**$ 250,596**	**$ 424,156**

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

		June 30, 2018		December 31, 2017
Accounts payable	$	8,783	$	—
Accrued consulting fees		—		41,878
Other accrued liabilities		—		9,000
Total accounts payable and accrued liabilities	**$**	**8,783**	**$**	**50,878**

6. MEMBERS' EQUITY

WPMC ownership is comprised of two classes of membership interests; 2,400,000 Class A shares and 3,600,000 Class B shares. Class B shareholders have a preferential right to 120% of their invested capital and thereafter receive only 20% of subsequent distributions until Class A shareholders have received $1,560,000 in total distributions. Thereafter, ongoing distributions are made in accordance with each member's percentage share of aggregate WPMC ownership interests.

Company distributions have repaid Class B shareholders their invested capital and preferred return and met the Class A shareholder target distribution. Consequently, all ongoing distributions are paid to investors in pro-rata fashion, reflecting their ownership interests, irrespective of whether they are comprised of Class A or Class B shares. During the periods ended June 30, 2018 and 2017, there were no additional shares issued or authorized. During May 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, increased its ownership interest in The Wellness & Pain Management Connection, LLC, to a controlling interest after a $19.4 million all-in consideration.

7. RELATED PARTY TRANSACTIONS

As described in Note 1, WPMC renders consulting services and assistance to WCM pursuant to agreements between the Company and WCM and in compliance with the laws, rules and regulations of the State of Maine, as was approved by the State of Maine Department of Health and Human Services ("DHHS"). WPMC has a common ownership interest with WCM.

WPMC has issued several loans to WCM over the course of the agreement as part of this assistance. These loans, in aggregate, total $4,050,000 in principal at an interest rate of 8.5% and are due as of August 15, 2019. No loans have been issued since 2012. The balance of the loans due from WCM is $648,604 in the remainder of 2018 with an additional amount of $113,554, due in 2019.

Additionally, as part of the terms and conditions of the agreement, WCM makes royalty payments to WPMC based on a percentage of net sales of products. Either party can opt out of the arrangement subject to the terms of the consulting agreement.

Schedule "S"

THE WELLNESS & PAIN MANAGEMENT CONNECTION'S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of The Wellness & Pain Management Connection, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**WPMC**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

WPMC is a for-profit entity formed on August 3, 2011 in the State of Delaware that provides financing and consulting services through a consulting agreement with Northeast Patient Group doing business as Wellness Connection of Maine ("WCM"). WCM is a non-profit entity formed on November 15, 2010 in the State of Maine that holds four dispensary licenses from the Maine Department of Health and Human Services and began operating medicinal dispensary operations in Bath, Brewer, Gardiner and Portland, Maine in 2011. WCM also operates a 40,000 square foot marijuana cultivation / processor facility in Auburn, Maine.

Highlights from the three and six months ended June 30, 2018

2018 saw a reduction in revenues statewide for all cannabis operations due to market competition and regulatory restraints. As a result, WPMC revenues declined when compared to the six months ended June 30, 2017. However, the future outlook of the industry continues to be strong as regulations point toward recreational implementation and tightening of competitors in the industry.

Operational and Regulation Overview

Maine has allowed prescribing and limited possession of medical marijuana since 1999, but the law lacked any distribution mechanism. On November 3, 2009 a referendum approved medical-grade marijuana to be dispensed by licensed dispensaries to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and PTSD. WPMC provides management and operational services to WCM, a non-profit entity holding four dispensary certificates of registration and one cultivation and processing certificate of registration.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	**2017**	**$**	**%**	**2018**	**2017**	**$**	**%**
Revenues, net	$ 40,000	$ 451,185	$ (411,185)	(91)%	$ 140,000	$ 1,210,806	$ (1,070,806)	(88)%
Sub-consulting fee	(26,667)	(84,537)	57,870	68	(70,133)	(124,811)	54,678	44
Gross profit	13,333	366,648	(353,315)	(96)	69,867	1,085,995	(1,016,128)	(94)
Total operating expenses	(82,844)	(246,009)	163,165	66	(250,596)	(424,156)	173,560	41
Total other income	18,569	31,190	(12,621)	(40)	35,993	58,559	(22,566)	(39)
Net income (loss)	$ (50,942)	$ 151,829	$ (202,771)	(134)	$ (144,736)	$ 720,398	$ (865,134)	(120)

			Change	
	June 30, 2018	**December 31, 2017**	**$**	**%**
Total assets	$ 767,182	$ 1,335,252	$ (568,070)	(43)%

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Revenues

The Company derives its revenues through a management and consulting agreement with a retail dispensary and cultivation business where cannabis and cannabis-infused products are sold to consumers.

Revenues decreased $411,185, or 91%, to $40,000 and $1,070,806, or 88%, to $140,000 for the three and six months ended June 30, 2018, respectively. The decrease was driven by decreased sales at the non-profit entity, WCM, and the continued build out of the cultivation facility.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold decreased $57,870, or 68%, to $26,667 and $54,678, or 44%, to $70,133 for the three and six months ended June 30, 2018, respectively, primarily due to the decrease in edibles sales during those periods. The gross profit margin was 33% and 81% for the three months ended June 30, 2018 and 2017, respectively, and 50% and 90% for the six months ended June 30, 2018 and 2017, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses decreased $163,165, or 66%, to $82,844 and $173,560, or 41%, to $250,596 for the three and six months ended June 30, 2018, respectively. This was primarily driven by a significant decrease in professional fees incurred.

Total other income

Total other income decreased $12,621, or 40%, to $18,569 and $22,566, or 39%, to $35,993 for the three and six months ended June 30, 2018, respectively. The decrease is driven by lower interest payments made on an outstanding loan receivable WPMC entered into with WCM. The Company predicts this amount will continue to decrease until the loan is paid off in its entirety in 2019.

Net income (loss)

Net loss for the three months ended June 30, 2018 was $50,942, compared to net income for the three months ended June 30, 2018 of $151,829, a decline of $202,771. Net loss for the six months ended June 30, 2018 was $144,736, compared to net income for the six months ended June 30, 2018 of $720,398, a decline of $865,134. The change in net income (loss) was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	**For the six months ended June 30,**		**Change**	
	2017	**2016**	**$**	**%**
Net cash provided by (used in) operating activities	$ (79,543)	$ 259,147	$ (338,690)	(131)%
Net cash provided by investing activities	304,403	325,377	(20,974)	(6)%
Net cash used in financing activities	(381,238)	(656,467)	275,229	(42)%
Change in cash	$ (156,378)	$ (71,943)	$ (84,435)	117%

As at June 30, 2018, we had $5,024 of cash and $644,845 of working capital surplus (current assets minus current liabilities), compared with $62,524 of cash and $637,453 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by (used in) operating activities

Net cash used in operating activities was $79,543 for the six months ended June 30, 2018, compared to cash provided by operating activities of $259,147 for the six months ended June 30, 2017, a decline of $338,690. The decrease was primarily driven by the increased net loss, partially offset by the lower usage of cash during the six months ended June 30, 2018.

Cash provided by investing activities
Net cash provided by investing activities was $304,403 for the six months ended June 30, 2018, a decrease of $20,974, or 6%, compared to $325,377 for the six months ended June 30, 2017.

These amounts represent repayments on the note receivable issued by WPMC to WCM. The Company would expect this amount to decrease until it is fully paid off in 2019.

Cash used in financing activities
Net cash used in financing activities was $381,238 for the six months ended June 30, 2018, a decrease of $275,229, or 42%, compared to $656,467 for the six months ended June 30, 2017.
The outflows for both years represent capital distributions to the various members of the Company. Due to the decreased net income for the first six months 2018, less capital distributions were made to the members for the period ended June 30, 2018.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

WPMC renders consulting services and assistance to WCM pursuant to agreements between the Company and WCM and in compliance with the laws, rules and regulations of the State of Maine, as was approved by the State of Maine Department of Health and Human Services ("DHHS"). WPMC has a common ownership interest with WCM and has issued several loans over the course of the agreement as part of this assistance. No loans have been issued since 2012. Refer to Note 7 in the condensed interim financial statements for further details on these loans.

Additionally, as part of the terms and conditions of the agreement, WCM makes royalty payments to WPMC based on a percentage of net sales of products. WPMC then remits a portion of these royalty payments to CanWell, an investor in WPMC, in exchange for consulting services related to botanical processing.

Either party can opt out of the arrangement subject to the terms of the consulting agreement.

7. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

8. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

There have been no changes in, or adoption of, accounting principles since our annual audited financial statements. Refer therein for details.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. Additionally, the Company currently receives all of its revenue based upon a management and consulting agreement with WCM. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

10. OUTSTANDING SHARE DATA

WPMC ownership is comprised of two classes of membership interests; 2,400,000 Class A shares and 3,600,000 Class B shares. Class B shareholders have a preferential right to 120% of their invested capital and thereafter receive only 20% of subsequent distributions until Class A shareholders have received $1,560,000 in total distributions. Thereafter, ongoing distributions are made in accordance with each member's percentage share of aggregate WPMC ownership interests.

Company distributions have repaid Class B shareholders their invested capital and preferred return and met the Class A shareholder target distribution. Consequently, all ongoing distributions are paid to investors in pro-rata fashion, reflecting their ownership interests, irrespective of whether they are comprised of Class A or Class B shares.
During the periods ended June 30, 2018 and 2017, there were no additional shares issued or authorized.

During 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, increased its ownership interest in The Wellness & Pain Management Connection, LLC, to a controlling interest after a $19.4M all-in consideration.

Schedule "T"

PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016
(Expressed in US Dollars, unless otherwise stated)

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DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
Prime Alternative Treatment Center Consulting, LLC

We have audited the accompanying financial statements of Prime Alternative Treatment Center Consulting, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Prime Alternative Treatment Center Consulting, LLC as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

November 2, 2018

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PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016

(Expressed in U.S. Dollars)	Note	December 31, 2017	December 31, 2016
ASSETS			
Cash		$ 40,352	$ 17,408
Accrued interest from related party receivable	6	1,014,571	286,942
Total current assets		1,054,923	304,350
Related party loan receivable - PCG	6	—	150,000
Related party loan receivable - PATC	6	4,869,107	4,752,107
Total non-current assets		4,869,107	4,902,107
TOTAL ASSETS		$ 5,924,030	$ 5,206,457
LIABILITIES AND MEMBERS' EQUITY			
TOTAL LIABILITIES		$ —	$ —
Members' equity	5	4,712,500	4,712,500
Retained earnings		1,211,530	493,957
TOTAL MEMBERS' EQUITY		5,924,030	5,206,457
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 5,924,030	$ 5,206,457

See accompanying notes to financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(U.S. dollars, except unit data)	Note	December 31, 2017	December 31, 2016
OPERATING EXPENSES			
General and administrative		$ 10,056	$ 10,589
Total operating expenses		10,056	10,589
Loss from operations		(10,056)	(10,589)
Other income	6	727,629	476,411
Total other income		727,629	476,411
Net income and comprehensive income		$ 717,573	$ 465,822

See accompanying notes to financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(U.S. dollars, except unit data)	Membership Units	Members' Equity	Retained Earnings	Total Members' Equity
December 31, 2015	470,000	$ 1,412,500	$ 28,135	$ 1,440,635
Contributed capital	453,334	3,300,000	—	3,300,000
Net income and comprehensive income	—	—	465,822	465,822
December 31, 2016	923,334	4,712,500	493,957	5,206,457
Contributed capital	—	—	—	—
Net income and comprehensive income	—	—	717,573	717,573
December 31, 2017	923,334	$ 4,712,500	$ 1,211,530	$ 5,924,030

See accompanying notes to financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(expressed in U.S. dollars)	December 31, 2017	December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 717,573	$ 465,822
Changes in non-cash working capital items:		
Interest receivable from related party	(727,629)	(259,458)
Prepaid balances	—	138,003
Net cash (used in) provided by operating activities	**$ (10,056)**	**$ 344,367**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes (issued to) repaid by related party - PCG	150,000	(2,150,000)
Notes (issued to) repaid by related party - PATC	(117,000)	(3,651,907)
Net cash provided by (used in) investing activities	**$ 33,000**	**$ (5,801,907)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributed capital	—	3,300,000
Net cash provided by financing activities	**$ —**	**$ 3,300,000**
NET INCREASE (DECREASE) IN CASH	22,944	(2,157,540)
CASH - Beginning of year	17,408	2,174,948
CASH - End of year	**$ 40,352**	**$ 17,408**

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

Prime Alternative Treatment Center Consulting, LLC ("PATCC" or the "Company") is a for-profit entity formed on January 15, 2015 in the State of New Hampshire that provides financing and consulting services to Prime Alternative Treatment Center, Inc. ("PATC"). PATC is a non-profit entity formed on January 15, 2015 in the State of New Hampshire and is one of four licensed, vertically integrated Alternative Treatment Centers in the state of New Hampshire with a dispensary in Merrimack, New Hampshire and a marijuana cultivation and processing facility in Peterborough, New Hampshire.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in this financial statement are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2017. These financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these annual financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The financial statements and the accompanying notes are expressed in U.S Dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
The cash balance is comprised of solely of cash on hand as at December 31, 2017 and 2016.

Notes receivable from related party
Notes receivable from related party is recognized at amortized cost as the payment received was solely on the principal of the amount outstanding. See Note 6 for further details.

Financial instruments
The Company early-adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement". The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"). Presently, as the Company's only financial instruments are in the form of cash, a related party loan receivable and its corresponding interest, the financial assets held by the Company are measured at amortized cost.

The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at FVTPL unless they meet the following criteria for amortized cost:

- The Company plans to hold the financial assets in order to collect contractual cash flows; and

• Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

• Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
• Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
• Level 3 inputs for assets or liabilities not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	Classification
Cash	Amortized Cost
Promissory notes receivable	Amortized Cost
Accrued interest	Amortized Cost

Revenue
Management fee revenue is recognized at the fair value of consideration received or receivable. The Company's revenue is derived from a consulting agreement made with PATC in which PATCC receives consideration for certain services provided as defined in the consulting agreement executed on January 15, 2015.

Revenue is recognized at the fair value of consideration received or receivable. Revenue is recognized when the following conditions have been satisfied: persuasive evidence of an arrangement exists, services are rendered, the price is fixed or determinable, and collectibilty is reasonably assured.

Additionally, the Company elected to early adopt IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRS guidance. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

As described above, the Company's only source of revenue is through a management and consulting agreement with PATC. The early adoption of IFRS 15 did not affect the Company’s statement of financial position or cash flows from operating, investing, or financing activities. Furthermore, the impact on timing of revenue recognition was not material as the treatment of revenue for services rendered is consistent under IFRS 15 and IAS 18.

Income taxes
The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company or its subsidiaries that are organized as limited liability companies have been provided for in the accompanying financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

Critical accounting estimates and judgements
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

New standards and interpretations issued but not yet adopted
A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2017 and, in some cases, have not been applied in preparing these financial statements:

Leases
In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the Statement of Operations with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our financial statements.

4. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

5. MEMBERS' EQUITY

The Company has three classes of units: Preferred Units, Class A Units, and Class B Units. Each Preferred Unit and Class A Unit entitles the holder to voting rights. Class B Units are non-voting, as defined by the Company's operating agreement. As of December 31, 2017 and 2016, the Company had 263,334 Preferred Units, 660,000 Class A Units, and no Class B Units outstanding.

On January 15, 2016, 163,334 Preferred Units and 290,000 Class A units were issued to various shareholders for proceeds of $3,300,000.

6. RELATED PARTY TRANSACTIONS

The Company issued a line of credit agreement ("LOC") with PATC, which has a common ownership interest with PATCC, for $4,650,000. This agreement was effective on August 1, 2016 and runs through July 1, 2022 with an interest rate of 15%. The principal balance is reflected in the "Related party loan receivable - PATC" line item on the Statement of Financial Position. The interest receivable balance is reflected in the "Accrued interest from related party receivable" line item on the Statement of Financial Position. The interest income earned is shown as "Income from investments, net" on the Statement of Operations and Comprehensive income.

The Company also issued a term loan with Prime Consulting Group ("PCG"), which has a common ownership interest with PATCC, for $3,000,000 on January 20, 2015. It had a balance of $150,000 as of December 31, 2016 and a zero dollar balance as of December 31, 2017. This is reflected in the "Related party loan receivable - PCG" line item on the Statement of Financial Condition.

As described in Note 1, the Company provides management and consulting services to PATC. Per the terms of the agreement, the Company provides support services and consulting expertise. As part of the terms and conditions of the agreement, PATC makes royalty payments to PATCC based on a percentage of net sales of products. PATCC only recognizes the revenue to the extent collectible as noted in our significant accounting policy. Either party can opt out of the arrangement subject to the terms of the consulting agreement.

7. SUBSEQUENT EVENTS

In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, acquired all remaining non-controlling interests in Prime Alternative Treatment Center Consulting, LLC. Total consideration for this transaction was approximately $16.1 million consisting of a promissory note and HSCP membership units.

Schedule "U"

PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING'S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Prime Alternative Treatment Center Consulting, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**PATCC**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

Prime Alternative Treatment Center Consulting, LLC is a for-profit entity formed on January 15, 2015 in the State of New Hampshire that provides financing and consulting services to Prime Alternative Treatment Center, Inc. ("PATC"). PATC is a non-profit entity formed on January 15, 2015 in the State of New Hampshire and is one of four licensed, vertically integrated Alternative Treatment Centers in the state of New Hampshire with a dispensary in Merrimack, New Hampshire and a marijuana cultivation and processing facility in Peterborough, New Hampshire.

Highlights from the year ended December 31, 2017

Operations have been consistent year-over-year with PATCC. The business is relatively nascent as 2016 was the first full year of operations. The non-profit continues to see increased sales, which will eventually be reflected in PATCC through the terms of the consulting agreement.

Operational and Regulation Overview

New Hampshire's Therapeutic Cannabis Program was enacted on July 23, 2013, allowing New Hampshire residents with qualifying medical conditions to use cannabis for medical purposes. Among the 18 original qualifying medical conditions were cancer, HIV/AIDS, ALS and Crohn's disease, with post-traumatic stress disorder and other medical conditions added later. The first New Hampshire dispensary began serving patients on April 30, 2016. On July 18, 2017, a bill was passed reducing penalties for non-registered and non-medicinal possession of three-quarters of an ounce or less of cannabis from a criminal misdemeanor to a civil violation punishable only by a fine.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual consolidated financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year ended December 31,		Change	
	2017	**2016**	**$**	**%**
Total operating expenses	$ (10,056)	$ (10,589)	$ 533	(5)%
Total other income	727,629	476,411	251,218	53%
Net income	$ 717,573	$ 465,822	$ 251,751	54%
Total assets	$ 5,924,030	$ 5,206,457	$ 717,573	14%

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Total operating expenses

Total operating expenses consist primarily of professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses for the year ended December 31, 2017 was $10,056, a decrease of $533, or 5%, when compared to December 31, 2016. These amounts are relatively consistent year-over-year, and may increase going forward from the scaling up of operations.

Total other income

Total other income for the year ended December 31, 2017 was $727,629, an increase of $251,218, or 53%, when compared to $476 for the year ended December 31, 2016. The increase is driven by the fact the loan from which the interest income is derived was not issued until August 2016. Therefore, 2017 was the first full year of recorded interest income.

Net income

Net income for the year ended December 31, 2017 was $717,573, an increase of $251,751 or 54%, compared to $465,822 for the year ended December 31, 2016. The increase in net income was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. To date, we have used private financing as a source of liquidity for general corporate purposes. Our ability to fund our operations depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the year ended December 31, 2017	2016	Change $
Net cash provided by (used in) operating activities	$ (10,056)	$ 344,367	$ (354,423)
Net cash provided by (used in) investing activities	33,000	(5,801,907)	5,834,907
Net cash provided by financing activities	—	3,300,000	(3,300,000)
Change in cash	$ 22,944	$ (2,157,540)	$ 2,180,484

As at December 31, 2017, we had $40,352 of cash and $1,054,923 of working capital surplus (current assets minus current liabilities), compared with $17,408 of cash and $304,350 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by (used in) operating activities
Net cash used in operating activities was $10,056 for the year ended December 31, 2017, compared to cash provided by operating activities of $344,367 for the year ended December 31, 2016. The decrease was primarily driven by the increased balance of interest receivable during the year ended December 31, 2017.

Cash provided by (used in) investing activities
Net cash provided by investing activities was $33,000 for the year ended December 31, 2017, compared to cash used in investing activities of $5,801,907 for the year ended December 31, 2016.

The inflows of $33,000 for the year ended December 31, 2017 consisted of $150,000 of funds received from a related party. This amount was partially offset by issuing funds to PATC for $117,000. See Note 6 of the annual audited financial statements for further details.

The outflows of $5,801,907 for the year ended December 31, 2016 consisted of a repayment of $2,150,000 on related party loans and an issuance of funds to PATC for $3,651,907. See Note 6 of the annual audited financial statements for further details.

Cash provided by financing activities
Net cash provided by financing activities was nil for the year ended December 31, 2017 and $3,300,000 for the year ended December 31, 2016.

The inflow for the year ended December 31, 2016 represents a capital infusion received from a founding member to fund the operations of the business.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

The Company issued a line of credit agreement (“LOC”) with PATC, which has a common ownership interest with PATCC, for $4,650,000. This agreement was effective on August 1, 2016 and runs through July 1, 2022 with an interest rate of 15%. This LOC was repaid during 2017.

The Company also issued a term loan with Prime Consulting Group ("PCG"), which has a common ownership interest with PATCC, for $3,000,000 on January 20, 2015. The outstanding balance of $150,000 as of December 31, 2016 was repaid during 2017.

As described in Note 1 of the annual audited financial statements, the Company provides management and consulting services to PATC. Per the terms of the agreement, the Company provides support services and consulting expertise. As part of the terms and conditions of the agreement, PATC makes royalty payments to PATCC based on a percentage of net sales of products. PATCC only recognizes the revenue to the extent collectible as noted in our significant accounting policy.

Either party can opt out of the arrangement subject to the terms of the consulting agreement.

7. PROPOSED TRANSACTIONS

Subsequent event
In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, acquired all remaining non-controlling interests in Prime Alternative Treatment Center Consulting, LLC. Total consideration for this transaction was approximately $16.1M consisting of a promissory note and HSCP membership units.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2017 and, in some cases, have not been applied in preparing these financial statements:

Leases
In January 2016, the IASB issued IFRS 16 Leases (“IFRS 16”). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the Statement of Operations with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our financial statements.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk

Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

11. OUTSTANDING SHARE DATA

The Company has three classes of units: Preferred Units, Class A Units, and Class B Units. Each Preferred Unit and Class A Unit entitles the holder to voting rights. Class B Units are non-voting, as defined by the Company's operating agreement. As of December 31, 2017 and 2016, the Company had 263,334 Preferred Units, 660,000 Class A Units, and no Class B Units outstanding.

On January 15, 2016, 163,334 Preferred Units and 290,000 Class A units were issued to various shareholders for proceeds of $3,300,000.

Schedule "V"

PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING'S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2018 and 2017
(Expressed in US Dollars, unless otherwise stated)
(Unaudited)

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PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2018 AND DECEMBER 31, 2017
(UNAUDITED)

(Expressed in U.S. Dollars)	Note	June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 36,847	$ 40,352
Accrued interest from related party receivable	5	1,376,753	1,014,571
Total current assets		1,413,600	1,054,923
Related party loan receivable - PATC	5	4,869,107	4,869,107
Total non-current assets		4,869,107	4,869,107
TOTAL ASSETS		6,282,707	5,924,030
LIABILITIES AND MEMBERS' EQUITY			
TOTAL LIABILITIES		—	—
Members equity	4	4,712,500	4,712,500
Retained earnings		1,570,207	1,211,530
TOTAL MEMBERS' EQUITY		6,282,707	5,924,030
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 6,282,707	$ 5,924,030

See accompanying notes to the condensed interim financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED)

(U.S. dollars, except unit data)	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
OPERATING EXPENSES		$ 1,557	$ 884	$ 3,505	$ 1,898
General and administrative		1,557	884	3,505	1,898
Total operating expenses					
Loss from operations		(1,557)	(884)	(3,505)	(1,898)
Other income	5	182,091	180,090	362,182	360,494
Total other income		182,091	180,090	362,182	360,494
Net income and comprehensive income		$ 180,534	$ 179,206	$ 358,677	$ 358,596

See accompanying notes to the condensed interim financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED)

(US dollars, except unit data)	Membership Units	Members Equity	Retained Earnings	Total Members' Equity
December 31, 2016	923,334	$ 4,712,500	$ 493,957	$ 5,206,457
Net income and comprehensive income	—	—	358,596	358,596
June 30, 2017	923,334	4,712,500	852,553	5,565,053
December 31, 2017	923,334	4,712,500	1,211,530	5,924,030
Net income and comprehensive income	—	—	358,677	358,677
June 30, 2018	923,334	$ 4,712,500	$ 1,570,207	$ 6,282,707

See accompanying notes to the condensed interim financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED)

(expressed in U.S. dollars)	**June 30, 2018**	**June 30, 2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 358,677	$ 358,596
Changes in non-cash working capital items:		
Interest receivable from related party	(362,182)	(385,494)
Net cash (used in) provided by operating activities	**$ (3,505)**	**$ (26,898)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes (issued to) repaid by related party - PCG	—	150,000
Notes (issued to) repaid by related party - PATC	—	(117,000)
Net cash provided by (used in) investing activities	**$ —**	**$ 33,000**
NET INCREASE (DECREASE) IN CASH	(3,505)	6,102
CASH - Beginning of year	40,352	17,408
CASH - End of year	**$ 36,847**	**$ 23,510**

See accompanying notes to the condensed interim financial statements

1. NATURE OF OPERATIONS

Prime Alternative Treatment Center Consulting, LLC ("PATCC" or the "Company") is a for-profit entity formed on January 15, 2015 in the State of New Hampshire that provides financing and consulting services to Prime Alternative Treatment Center, Inc. ("PATC"). PATC is a non-profit entity formed on January 15, 2015 in the State of New Hampshire and is one of four licensed, vertically integrated Alternative Treatment Centers in the state of New Hampshire with a dispensary in Merrimack, New Hampshire and a marijuana cultivation and processing facility in Peterborough, New Hampshire.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in these condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the period ended June 30, 2018.

These condensed interim financial statements for the three and six months ending June 30, 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements at December 31, 2017. These condensed interim consolidated financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These condensed interim financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these annual financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The condensed interim financial statements and the accompanying notes are expressed in U.S Dollars, which is the Company's functional and presentation currency.

3. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and loan receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. As at June 30, 2018, the Company does not have any financial liabilities and based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

4. MEMBERS' EQUITY

The Company has three classes of units: Preferred Units, Class A Units, and Class B Units. Each Preferred Unit and Class A Unit entitles the holder to voting rights. Class B Units are non-voting, as defined by the Company's operating agreement. As of June 30, 2018 and 2017, the Company had 426,668 Preferred Units, 950,000 Class A Units, and no Class B Units outstanding. No membership units were issued during the period ended June 30, 2018.

5. RELATED PARTY TRANSACTIONS

The Company issued a line of credit agreement ("LOC") with PATC, which has a common ownership interest with PATCC, for $4,650,000. This agreement was effective on August 1, 2016 and runs through July 1, 2022 with an interest rate of 15%. The principal balance is reflected in the "Related party loan receivable - PATC" line item on the Statement of Financial Position. The interest receivable balance is reflected in the "Accrued interest from related party receivable" line item on the Statement of Financial Position. The interest income earned is shown as "Income from investments, net" on the Statement of Operations and Comprehensive income. This LOC was repaid during 2017.

The Company also issued a term loan with Prime Consulting Group ("PCG"), which has a common ownership interest with PATCC, for $3,000,000 on January 20, 2015. The outstanding balance of $150,000 as of December 31, 2016 was repaid during 2017.

As described in Note 1, the Company provides management and consulting services to PATC. Per the terms of the agreement, the Company provides support services and consulting expertise. As part of the terms and conditions of the agreement, PATC makes royalty payments to PATCC based on a percentage of net sales of products. PATCC only recognizes the revenue to the extent collectible as noted in our significant accounting policy. Either party can opt out of the arrangement subject to the terms of the consulting agreement.

6. SUBSEQUENT EVENTS

In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, acquired all remaining non-controlling interests in Prime Alternative Treatment Center Consulting, LLC. All-in consideration for this transaction was approximately $16.1 million.

Schedule "W"

PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING'S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Prime Alternative Treatment Center Consulting, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**PATCC**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

Prime Alternative Treatment Center Consulting, LLC is a for-profit entity formed on January 15, 2015 in the State of New Hampshire that provides financing and consulting services to Prime Alternative Treatment Center, Inc. ("PATC"). PATC is a non-profit entity formed on January 15, 2015 in the State of New Hampshire and is one of four licensed, vertically integrated Alternative Treatment Centers in the state of New Hampshire with a dispensary in Merrimack, New Hampshire and a marijuana cultivation and processing facility in Peterborough, New Hampshire.

Highlights from the three and six months ended June 30, 2018

Operations have been consistent year-over-year with PATCC. The business is relatively nascent as 2016 was the first full year of operations. The non-profit continues to see increased sales, which will eventually be reflected in PATCC through the terms of the consulting agreement.

Operational and Regulation Overview

New Hampshire's Therapeutic Cannabis Program was enacted on July 23, 2013, allowing New Hampshire residents with qualifying medical conditions to use cannabis for medical purposes. Among the 18 original qualifying medical conditions were cancer, HIV/AIDS, ALS and Crohn's disease, with post-traumatic stress disorder and other medical conditions added later. The first New Hampshire dispensary began serving patients on April 30, 2016. On July 18, 2017, a bill was passed reducing penalties for non-registered and non-medicinal possession of three-quarters of an ounce or less of cannabis from a criminal misdemeanor to a civil violation punishable only by a fine.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Total operating expenses	$ (1,557)	$ (884)	$ (673)	(76)%	$ (3,505)	$ (1,898)	$ (1,607)	(85)%
Total other income	182,091	180,090	2,001	1	362,182	360,494	1,688	— %
Net income	$ 180,534	$ 179,206	$ 1,328	1%	$ 358,677	$ 358,596	$ 81	— %

			Change	
	June 30, 2018	December 31, 2017	$	%
Total assets	$ 6,282,707	$ 5,924,030	$ 358,677	6%

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Total operating expenses

Total operating expenses consist primarily of professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses increased $673, or 76%, to $1,557 and $1,607, or 85%, to $3,505 for the three and six months ended June 30, 2018 and 2017, respectively. This was driven by increased general and administrative expenses, specifically in legal and professional fees.

Total other income

Total other income increased $2,001, or 1%, to $182,091 and $1,688 to $362,182 for the three and six months ended June 30, 2018 and 2017, respectively. This is consistent year-over-year as we would expect given the only balance within other income is interest income on an outstanding loan receivable.

Net income

Net income increased $1,328, or 1%, to $180,534 and $81 to $358,677 for the three and six months ended June 30, 2018 and 2017, respectively. The increase in net income was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. To date, we have used private financing as a source of liquidity for general corporate purposes. Our ability to fund our operations depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the six months ended June 30,		Change
	2018	2017	$
Net cash used in operating activities	$ (3,505)	$ (26,898)	$ 23,393
Net cash provided by investing activities	—	33,000	(33,000)
Change in cash	$ (3,505)	$ 6,102	$ (9,607)

As at June 30, 2018, we had $36,847 of cash and $1,413,600 of working capital surplus (current assets minus current liabilities), compared with $23,510 of cash and $695,946 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash used in operating activities
Net cash used in operating activities was $3,505 for the six months ended June 30, 2018, an increase of $23,393 compared to the six months ended June 30, 2017. The increase was primarily due to the lower interest receivable balance as of June 30, 2018. This is consistent with what management would expect per the terms of the loan agreement.

Cash provided by investing activities
Net cash provided by investing activities was nil for the six months ended June 30, 2018, compared to cash used in investing activities of $33,000 for the six months ended June 30, 2017.

The inflows of $33,000 for the year ended six months ended June 30, 2017 consisted of $150,000 of funds received from a related party entity. This amount was partially offset by issuing funds to PATC for $117,000. See Note 5 of the condensed interim financial statements for further details.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

The Company issued a line of credit agreement ("LOC") with PATC, which has a common ownership interest with PATCC, for $4,650,000. This agreement was effective on August 1, 2016 and runs through July 1, 2022 with an interest rate of 15%. This LOC was repaid during 2017.

The Company also issued a term loan with Prime Consulting Group ("PCG"), which has a common ownership interest with PATCC, for $3,000,000 on January 20, 2015. The outstanding balance of $150,000 as of December 31, 2016 was repaid during 2017.

As described in Note 1 of the condensed interim financial statements, the Company provides management and consulting services to PATC. Per the terms of the agreement, the Company provides support services and consulting expertise. As part of the terms and conditions of the agreement, PATC makes royalty payments to PATCC based on a percentage of net sales of products. PATCC only recognizes the revenue to the extent collectible as noted in our significant accounting policy.

Either party can opt out of the arrangement subject to the terms of the consulting agreement.

7. PROPOSED TRANSACTIONS

Subsequent event
In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, acquired all remaining non-controlling interests in Prime Alternative Treatment Center Consulting, LLC. Total consideration for this transaction was approximately $16.1M consisting of a promissory note and HSCP membership units.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

There have been no changes in, or adoption of, accounting principles since our annual audited financial statements. Refer therein for details.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and loan receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. As at June 30, 2018, the Company does not have any financial liabilities and based on the Company’s working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

11. OUTSTANDING SHARE DATA

The Company has three classes of units: Preferred Units, Class A Units, and Class B Units. Each Preferred Unit and Class A Unit entitles the holder to voting rights. Class B Units are non-voting, as defined by the Company's operating agreement. As of June 30, 2018 and 2017, the Company had 426,668 Preferred Units, 950,000 Class A Units, and no Class B Units outstanding. No membership units were issued during the period ended June 30, 2018.

Exhibit 99.41

ACREAGE HOLDINGS, INC.

- and -

ODYSSEY TRUST COMPANY

- and -

EACH OF THE PERSONS LISTED ON SCHEDULE "A" HERETO

COATTAIL AGREEMENT

November 14, 2018

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COATTAIL AGREEMENT

THIS AGREEMENT dated the 14th day of November, 2018, is entered into

AMONG:

ACREAGE HOLDINGS, INC. (formerly known as Applied Inventions Management Corp.), a corporation existing under the *Business Corporations Act* (British Columbia),

(the "**Company**")

• and -

ODYSSEY TRUST COMPANY, a trust company existing under the laws of Alberta, as trustee for the benefit of the Holders (as defined below)

(the "**Trustee**")

• and -

Each of the persons listed on Schedule "A" hereto and any person who becomes a party to this Agreement by executing an adoption agreement in the form set forth in Schedule "B" hereto

(collectively, the "**Shareholders**")

WHEREAS effective on November 9, 2018, the Company filed articles in connection with its continuation from Ontario into British Columbia (the "**Articles**") to provide that its authorized share capital consists of an unlimited number of Class A subordinate voting shares (the "**Subordinate Voting Shares**"), Class B proportionate voting shares (the "**Proportionate Voting Shares**") and Class C multiple voting shares (the "**Multiple Voting Shares**");

AND WHEREAS the Shareholders, on the date hereof, hold all of the Multiple Voting Shares that are issued and outstanding as of the date of this Agreement;

AND WHEREAS it is the expectation of the Shareholders that the Subordinate Voting Shares will be listed on the Canadian Securities Exchange (the "**CSE**");

AND WHEREAS the Shareholders hold common membership units (the "**Units**") of High Street Capital Partners, LLC d/b/a Acreage Holdings, an indirect subsidiary of the Company ("**Acreage Holdings**"), which Units are redeemable at the Company's option for either cash or Subordinate Voting Shares pursuant to the terms and conditions of the third amended and restated LLC agreement of Acreage Holdings ("**LLC Agreement**") and the support agreement entered into between the Company, Acreage Holdings America, Inc. and Acreage Holdings (the "**Support Agreement**");

AND WHEREAS the Shareholders and the Company wish to enter into this Agreement in order to secure the listing of the Subordinate Voting Shares on the CSE, and derive the benefit of such listing, and for the purpose of ensuring that the holders, from time to time, of the Subordinate Voting Shares (collectively, the "**Holders**") will not be deprived of any rights under applicable take-over bid legislation to which they would have been entitled in the event of a take-over bid for the Multiple Voting Shares or the sale of the Units (as if such sale was a take-over bid of the purposes of the Securities Act (Ontario)) as if the Multiple Voting Shares or the Units, as applicable, had been Subordinate Voting Shares;

AND WHEREAS the Shareholders and the Company hereby acknowledge that any transfer or sale of Multiple Voting Shares or Units, whether in accordance with this Agreement or otherwise, shall in all circumstances be subject to the provisions of the Articles and the LLC Agreement, respectively, including those relating to the automatic conversion of Multiple Voting Shares into Subordinate Voting Shares or the automatic redemption of Units in exchange for Subordinate Voting Shares;

AND WHEREAS any person who becomes a party to this agreement shall execute an adoption agreement in the form set out in Schedule "B" hereto;

AND WHEREAS the Shareholders and the Company wish to constitute the Trustee as a trustee for the Holders so that the Holders, through the Trustee, will receive the benefits of this Agreement, including the covenants of the Shareholders and the Company contained herein;

AND WHEREAS these recitals and any statements of fact in this Agreement are, and shall be deemed to be, made by the Shareholders and the Company and not by the Trustee;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties) the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, capitalized terms that are not otherwise defined shall have the meaning given to them in the Articles.

1.2 Interpretation not Affected by Headings, etc.

The division of this Agreement into articles, sections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Number, Gender, etc.

Words importing the singular number only shall include the plural and vice versa. Words importing the use of any gender shall include all genders.

1.4 Statutory References

Unless otherwise indicated, all references in this Agreement to any legislation include the regulations and rules thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision.

1.5 Including

The word "including" shall mean including, without limitation.

ARTICLE 2
PURPOSE OF AGREEMENT

2.1 Establishment of Trust

The purpose of this Agreement is to ensure that the Holders will not be deprived of any rights under applicable take-over bid legislation in any jurisdiction of Canada ("**Securities Laws**") to which they would have been entitled in the event of a take-over bid for the Multiple Voting Shares or the Units (as if such sale was a take-over bid of the purposes of the *Securities Act* (Ontario)) as if the Multiple Voting Shares or Units, as applicable, had been Subordinate Voting Shares.

2.2 Restriction on Sale

Subject to Section 2.3, the Articles and the LLC Agreement, the Shareholders shall not sell, directly or indirectly, any Multiple Voting Shares or Units pursuant to a take-over bid (as defined in applicable Securities Laws) under circumstances in which applicable Securities Laws would have required the same offer to be made to the Holders if the sale by the Shareholders had been a sale of the Subordinate Voting Shares rather than such Multiple Voting Shares or Units, but otherwise on the same terms.

For the purposes of this Section 2.2, it shall be assumed that the offer that would have resulted in the sale of such Subordinate Voting Shares by such Shareholders would have constituted a take-over bid under applicable Securities Laws, regardless of whether this actually would have been the case, and the varying of any material term of an offer shall be deemed to constitute the making of a new offer. For the avoidance of doubt, the determination of whether an offer constitutes a take-over bid (as defined under applicable Securities Laws) for purposes of this Section 2.2 shall not be made by reference solely to the number of issued and outstanding Subordinate Voting Shares.

2.3 Permitted Sale

Subject to the provisions of the Articles and the LLC Agreement, Section 2.2 shall not apply to prevent a sale by any Shareholder of Multiple Voting Shares or Units if concurrently an offer is made to purchase Subordinate Voting Shares that:

(a) offers a price per Subordinate Voting Share at least as high as the highest price per share paid or required to be paid pursuant to the take-over bid for the Multiple Voting Shares or Units (each on an as-converted to Subordinate Voting Shares basis), as applicable;

(b) provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of outstanding Multiple Voting Shares and Units to be sold (exclusive of Multiple Voting Shares or Units owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

(c) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares or Units, as applicable; and

(d) is in all other material respects identical to the offer for Multiple Voting Shares or Units, as applicable.

In addition, and notwithstanding the foregoing, subject to the provisions of the Articles, the LLC Agreement and the Support Agreement, Section 2.2 shall not apply to prevent the sale or transfer of Units by any Shareholder to (i) Kevin Murphy and any members of the immediate family of Kevin Murphy, and (ii) any person or company controlled, directly or indirectly by one or more of the persons referred to in (i) (each, a "**Permitted Holder**"), subject to Section 2.7 of this Agreement, provided such sale does not or would not constitute a take-over bid or, if so, is exempt or would be exempt from the formal bid requirements (as defined in applicable Securities Laws).

For greater certainty, the conversion of Multiple Voting Shares into Subordinate Voting Shares or the redemption of Units in exchange for Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, shall not, in of itself, constitute a sale of Multiple Voting Shares or Units for the purposes of this Agreement.

2.4 Improper Sale

If any person or company, other than the Shareholders, carries out or purports to carry out a sale (including an indirect sale) of Multiple Voting Shares or Units owned by the Shareholders or over which the Shareholders exercise direction or control, in each case directly or indirectly, from time to time, and the Shareholders are restricted from carrying out such sale pursuant to Section 2.2, the Shareholders shall not and the Trustee shall take all necessary steps to ensure that the Shareholders shall not and shall not be permitted to, at or after the time such sale becomes effective, do any of the following with respect to any of the Multiple Voting Shares or Units so sold or purported to be sold:

(a) sell them without the prior written consent of the Trustee;

(b) convert them into (or in the case of Units, redeem them in exchange for) Subordinate Voting Shares without the prior written consent of the Trustee; or

(c) exercise any voting rights attaching to them except in accordance with the written instructions of the Trustee, with which the Shareholders shall comply.

Without limiting the generality of the foregoing, the Trustee shall exercise the above rights in a manner that the Trustee, on the advice of counsel, considers to be: (i) in the best interests of the Holders, other than the Shareholders and Holders who, in the opinion of the Trustee, participated directly or indirectly in the transaction that triggered the operation of this Section 2.4; and (ii) consistent with the intentions of the Shareholders and the Company in entering into this Agreement as such intentions are set out in the Recitals hereto. In the event that an indirect sale of Multiple Voting Sh ares or Units that is referred to in this Section 2.4 occurs and this Section 2.4 is applicable to such sale, the Shareholders shall have no liability under this Agreement in respect of such sale, provided that the Shareholders are in compliance with all other provisions of this Agreement, including the provisions of this Section 2.4.

2.5 Assumptions

For the purposes of this Article 2:

(a) any sale, transfer or other disposition that would result in a direct or indirect acquisition of Multiple Voting Shares, Units or Subordinate Voting Shares, or in the direct or indirect acquisition of control or direction over those securities, shall be construed to be a "sale" of those Multiple Voting Shares, Units or Subordinate Voting Shares, as the case may be, and the terms "sell" and "sold" shall have a corresponding meaning; and

(b) if there is an offer to acquire that would have been a take-over bid for the purposes of applicable Securities Laws if not for the provisions of the Articles or the LLC Agreement, as the case may be, that cause the Multiple Voting Shares or Units to automatically convert into (or in the case of Units, be redeemed in exchange for) Subordinate Voting Shares in certain circumstances, that offer to acquire shall nonetheless be construed to be a take-over bid for the Multiple Voting Shares or Units, as applicable, for the purposes of this Agreement.

2.6 Prevention of Improper Sales

Each Shareholder shall use its respective commercially reasonable efforts to prevent any person or company from carrying out a sale (including an indirect sale) in breach of this Agreement in respect of any Multiple Voting Shares or Units owned by the Shareholders or over which it exercises direction or control, in each case directly or indirectly, from time to time, regardless of whether that person or company is a party to this Agreement.

2.7 Supplemental Agreements

Without limiting any provision of this Agreement, the Shareholders shall not sell any Multiple Voting Shares or Units unless the sale is conditional upon the person or company acquiring those securities (including any Permitted Holder) entering into an agreement substantially in the form of this Agreement and under which that person or company has the same rights and obligations as the Shareholders has under this Agreement. Neither the conversion of Multiple Voting Shares into Subordinate Voting Shares in accordance with the provisions of the Articles, the redemption of the Units in exchange for Subordinate Voting Shares in accordance with the LLC Agreement, nor any subsequent sale of those Subordinate Voting Shares shall constitute a sale of Multiple Voting Shares or Units for the purposes of this Section 2.7.

2.8 Security Interest

Nothing in this Agreement shall prevent any Shareholder from time to time, directly or indirectly, from granting a *bona fide* security interest, by way of pledge, hypothecation or otherwise, whether directly or indirectly, in Multiple Voting Shares or Units to any financial institution with which it deals at arm's length (within the meaning of the *Income Tax Act* (Canada)) in connection with a *bona fide* borrowing, provided that the financial institution agrees in writing to become a party to and abide by the terms of this Agreement as if such financial institution were a Shareholder as defined herein until such time as the pledge, hypothecation or other security interest has been released or the Multiple Voting Shares or Units, as applicable, which were subject thereto have been sold in accordance with the terms of this Agreement.

2.9 All Sales Subject to Articles

The Shareholders and the Company hereby acknowledge that any sale of Multiple Voting Shares or Units, whether in accordance with this Agreement or otherwise, shall in all circumstances be subject to the provisions of the Articles and LLC Agreement, as applicable, including those relating to the automatic conversion of Multiple Voting Shares into Subordinate Voting Shares or the automatic redemption of Units in exchange for Subordinate Voting Shares, and that in the event of a conflict between this Agreement and any provision of the Articles or the LLC Agreement, the provisions of the Articles or LLC Agreement, as applicable, shall prevail.

ARTICLE 3
ACCEPTANCE OF TRUST

3.1 Acceptance and Conditions of Trust

The Trustee hereby accepts the trust created by this Agreement (the "**Trust**") and assumes the duties created and imposed upon it pursuant to its appointment as trustee for the Holders by this Agreement, provided that:

(a) it shall not be liable for any action taken or omitted to be taken by it under or in connection with this Agreement, except for its own negligence, misconduct or bad faith;

(b) it may employ or retain such counsel, auditors, accountants or other experts or advisers, whose qualifications give authority to any opinion or report made by them, as the Trustee may reasonably require for the purpose of determining and discharging its duties hereunder and shall not be responsible for any misconduct or negligence on the part of any of them so long as the Trustee's engagement of such experts was not the result of the negligence, misconduct or bad faith on behalf of the Trustee. The Trustee may, if it is acting in good faith, rely on the accuracy of any such opinion or report;

(c) it may, if it is acting in good faith, rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any instruction, advice, notice, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties and, subject to subsection 3.1(a), shall be under no liability with respect to any action taken or omitted to be taken in accordance with such instruction, advice, notice, opinion or other document;

(d) it shall exercise its rights under this Agreement in a manner that it considers to be in the best interests of the Holders (other than the Shareholders and Holders who, in the opinion of the Trustee, participated directly or indirectly in a transaction restricted by Section 2.2) and consistent with the purpose of this Agreement; and

(e) none of the provisions of this Agreement shall require the Trustee under any circumstances whatsoever to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights or powers in connection with the Agreement.

In the exercise of its rights and duties hereunder, the Trustee will exercise that degree of care, diligence and skill that a reasonably prudent Trustee would exercise in comparable circumstances.

The Trustee represents that at the time of the execution and delivery hereof no material conflict of interest exists in the Trustee's role as a fiduciary hereunder and agrees that in the event of a material conflict of interest arising hereafter it will, within three months after ascertaining that it has such material conflict of interest, either eliminate the same or resign its trust hereunder. Subject to the foregoing, the Trustee, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company and generally may contract with and enter into financial transactions with the Company, any of its affiliates or the Shareholders or any of its affiliates without being liable to account for any profit made thereby.

3.2 Enquiry by Trustee

Subject to Section 3.4, if and whenever the Trustee receives written notice from an interested party, other than the Holders, stating in sufficient detail that the Shareholders or the Company may have breached, or may intend to breach, any provision of this Agreement, the Trustee shall, acting on the advice of counsel, make reasonable enquiry to determine whether such a breach has occurred or is intended to occur. If the Trustee determines that a breach has occurred, or is intended to occur, the Trustee shall forthwith deliver to the Company a certificate stating that the Trustee has made such determination. Upon delivery of that certificate, the Trustee shall be entitled to take, and subject to Section 3.4 shall take, such action as the Trustee, acting upon the advice of counsel, considers necessary to enforce its rights under this Agreement on behalf of the Holders.

3.3 Request by Holders

Subject to Section 3.4, if and whenever Holders representing not less than 10% of the then outstanding Subordinate Voting Shares determine that the Shareholders or the Company have breached, or may intend to breach, any provision of this Agreement, such Holders may require the Trustee to take action in connection with that breach or intended breach by delivering to the Trustee a requisition in writing signed in one or more counterparts by those Holders and setting forth the action to be taken by the Trustee. Subject to Section 3.4, upon receipt by the Trustee of such a requisition, the Trustee shall forthwith take such action as is specified in the requisition and/or any other action that the Trustee considers necessary to enforce its rights under this Agreement on behalf of the Holders.

3.4 Condition to Action

The obligation of the Trustee to take any action on behalf of the Holders pursuant to Sections 3.2 and 3.3 shall be conditional upon the Trustee receiving from either the interested party referred to in Section 3.2, the Company or from one or more Holders such funds and indemnity as the Trustee may reasonably require in respect of any costs or expenses which it may incur in connection with any such action. The Company shall provide such reasonable funds and indemnity to the Trustee if the Trustee has delivered to the Company the certificate referred to in Section 3.2.

3.5 Limitation on Action by Holder

No Holder shall have the right, other than through the Trustee, to institute any action or proceeding or to exercise any other remedy for the purpose of enforcing any rights arising from this Agreement unless Holders shall have:

(a) requested that the Trustee act in the manner specified in Section 3.3; and

(b) provided reasonable funds and indemnity to the Trustee,

and the Trustee shall have failed to so act within 30 days after the provision of such funds and indemnity. In such case, any Holder, acting on behalf of itself and all other Holders, shall be entitled to take those proceedings in any court of competent jurisdiction that the Trustee might have taken.

ARTICLE 4
COMPENSATION

4.1 Fees and Expenses of the Trustee

During the term of this Agreement, the Company agrees to pay to the Trustee the fees set forth in Schedule "C" hereto and shall reimburse the Trustee for all reasonable expenses and disbursements including those incurred pursuant to Section 3.1(b) herein. Notwithstanding the foregoing, the Company shall have no obligation to compensate the Trustee or reimburse the Trustee for any expenses or disbursements paid, incurred or suffered by the Trustee:

(a) in connection with any action taken by the Trustee pursuant to Section 3.2 if the Trustee has not delivered to the Company the certificate referred to in Section 3.2 in respect of that action; or

(b) in any suit or litigation in which the Trustee is determined to have acted in bad faith or with negligence or misconduct.

On all invoices issued by the Trustee for its services rendered hereunder which remain unpaid for a period of 30 days or more, interest at a rate per annum equal to the then current rate of interest charged by the Trustee to its corporate customers will be incurred, from 30 days after the issuance of the invoice until the date of payment. This Section shall survive the termination of this Agreement and the resignation or removal of the Trustee.

ARTICLE 5
INDEMNIFICATION

5.1 Indemnification of the Trustee

The Company agrees to indemnify and hold harmless the Trustee and its officers, directors, employees and agents ((the "**Indemnified Parties**") from and against all claims, losses, damages, costs, penalties, fines and reasonable expenses (including reasonable expenses of the Trustee's legal counsel) which, without negligence, misconduct or bad faith on the part of any of the Indemnified Parties, may be paid, incurred or suffered by any of the Indemnified Parties by reason of or as a result of the Trustee's acceptance or administration of the Trust, its compliance with its duties set forth in this Agreement or any written or oral instructions delivered to the Trustee by the Company pursuant hereto. In no case shall the Company be liable under this indemnity for any claim against the Indemnified Parties unless the Company shall be notified by the Trustee of the written assertion of a claim or of any action commenced against the any of the Indemnified Parties, promptly after the Trustee shall have received any such written assertion of a claim, or shall have been served with a summons or other first legal process giving information as to the nature and basis of the claim. The Company shall be entitled to participate at its own expense in the defence of the assertion or claim. The Company may elect at any time after receipt of such notice to assume the defence of any suit brought to enforce any such claim. The Indemnified Parties shall have the right to employ separate counsel in any such suit and participate in the defence thereof, but the fees and expenses of such counsel shall be at the expense of the Trustee unless:

(a) the employment of such counsel has been authorized by the Company; or

(b) the named parties to any such suit include both an Indemnified Party and the Company and such Indemnified Party shall have been advised by counsel acceptable to the Company that there may be one or more legal defences available to such Indemnified Party that are different from or in addition to those available to the Company (in which case the Company shall not have the right to assume the defence of such suit on behalf of such Indemnified Party but shall be liable to pay the reasonable fees and expenses of counsel for such Indemnified Party).

ARTICLE 6
CHANGE OF TRUSTEE

6.1 Resignation

The Trustee, or any successor trustee subsequently appointed, may resign at any time by giving written notice of such resignation to the Company specifying the date on which its desired resignation shall become effective, provided that such notice shall be provided at least three months in advance of such desired effective date unless the Shareholders and the Company otherwise agree. Such resignation shall take effect upon the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee (which shall be a corporation or company licensed or authorized to carry on the business of a trust company in British Columbia) by written instrument, in duplicate, one copy of which shall be delivered to the resigning trustee and one copy to the successor trustee. If the Company does not appoint a successor trustee, the Trustee or any Holder may apply to a court of competent jurisdiction in British Columbia for the appointment of a successor trustee. Notwithstanding the provisions of this Section, the Trustee shall not be required to deliver notice of resignation where such person becomes the successor trustee as a result of the transfer, including by way of sale, to such person of all or substantially all of the trust business of the transferring Trustee.

6.2 Removal

The Trustee, or any trustee subsequently appointed, may be removed at any time on 30 days' prior notice by written instrument executed by the Company, in duplicate, provided that the Trustee (or any successor trustee subsequently appointed) is not at such time taking any action which it may take under Section 3.2 or 3.3 hereof. One copy of that instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. The removal of the Trustee (or any successor trustee subsequently appointed) shall become effective upon the appointment of a successor trustee in accordance with Section 6.3.

6.3 Successor Trustee

Any successor trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to the Shareholders and the Company and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, upon payment of any amounts then due to the predecessor trustee pursuant to the provisions of this Agreement, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as trustee in this Agreement. However, on the written request of the Shareholders and the Company or of the successor trustee, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon the request of any such successor trustee, the Shareholders, the Company and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

6.4 Notice of Successor Trustee

Upon acceptance of appointment by a successor trustee as provided herein, the Company shall cause to be mailed notice of the succession of such trustee hereunder to the Holders. If the Shareholders or the Company shall fail to cause such notice to be mailed within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Shareholders and the Company.

ARTICLE 7
TERMINATION

7.1 Term

The trust created by this Agreement shall continue until no Multiple Voting Shares or Units remain outstanding, provided that such Trust shall continue in the event of a breach of Section 2.2 or 2.4, as long as such breach is ongoing.

7.2 Survival of Agreement

This Agreement shall survive any termination of the Trust and shall continue until there are no Multiple Voting Shares or Units outstanding; provided, that this Agreement shall continue in force and effect in the event of a breach of Section 2.2 or 2.4, as long as such breach is ongoing; and provided further that the provisions of Article 4 and Article 5 shall survive any such termination of this Agreement.

ARTICLE 8
GENERAL

8.1 Obligations of the Shareholders not Joint

The obligations of the Shareholders pursuant to this Agreement are several, and not joint and several, and no Shareholders shall be liable to the Company, the Holders, the Trustee or any other party for the fault of any other Shareholder to comply with its covenants and obligations under this Agreement.

8.2 Compliance with Privacy Laws

The Shareholders and the Company acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to certain obligations and activities under this Agreement. Notwithstanding any other provision of this Agreement, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Shareholders and the Company shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Agreement and to comply with applicable laws and not to use it for any other purpose except with the consent of or direction from the other parties to this Agreement or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

8.3 Anti-Money Laundering Regulations

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment and acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti- money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment and acting reasonably, determine at any time that its acting under this Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Company or any shorter period of time as agreed to by the Company, provided that: (a) the Trustee's written notice shall describe the circumstances of such noncompliance; and (b) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

8.4 Third Party Interests

The other parties to this Agreement hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Agreement, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Trustee's prescribed form as to the particulars of such third party.

8.5 Severability

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not in any way be affected or impaired thereby and the agreement shall be carried out as nearly as possible in accordance with its original terms and conditions.

8.6 Amendments, Modifications, etc.

This Agreement shall not be amended, and no provision thereof shall be waived, except with:
(i) the consent of any applicable securities regulatory authorities in Canada; and (ii) the approval of at least two-thirds of the votes cast by Holders present or represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to any Subordinate Voting Shares held directly or indirectly by the Shareholders and their respective affiliates, and any persons who have an agreement to purchase Multiple Voting Shares or Units on terms which would constitute a sale or disposition for purposes of Section 2.2, other than as permitted herein, prior to giving effect to such amendment or waiver. The provisions of this Agreement shall only come into force and effect contemporaneously with the listing of the Subordinate Voting Shares on the CSE and shall terminate at such time as there remain no outstanding Multiple Voting Shares or Units.

8.7 Ministerial Amendments

Notwithstanding the provisions of Section 8.5, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the Holders, amend or modify this Agreement to cure any ambiguity or to correct or supplement any provision contained in this Agreement or in any amendment to this Agreement that may be defective or inconsistent with any other provision contained in this Agreement or that amendment, or to make such other provisions in regard to matters or questions arising under this Agreement, as shall not adversely affect the interest of the Holders.

8.8 Force majeure

No party hereto shall be liable to the other parties hereto, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, general mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 8.7.

8.9 Amendments only in Writing

No amendment to or modification or waiver of any of the provisions of this Agreement shall be effective unless made in writing and signed by all of the parties hereto.

8.10 Meeting to Consider Amendments

The Company, at the request of the Shareholders, shall call a meeting of Holders for the purpose of considering any proposed amendment or modification requiring approval pursuant to Section 8.6.

8.11 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, administrators, legal representatives, successors and permitted assigns. Except as specifically set forth in this Agreement, nothing in this Agreement is intended to or shall be deemed to confer upon any other person any rights or remedies under or by reason of this Agreement.

8.12 Notices

All notices and other communications among the parties hereunder shall be in writing and shall be deemed given if delivered personally or sent by registered mail, or by facsimile transmission or other form of recorded communication to the parties at the following addresses (or at such other address for such party as shall be specified in like notice):

(a) If to the Shareholders, at the address set out in Schedule “A”

(b) If to the Company: Acreage Holdings, Inc.
Suite 2800, Park Place
666 Burrard St.
Vancouver, BC V6C 2Z7

Attention: James Doherty
Email: j.doherty@acreageholdings.com

(c) If to the Trustee: Odyssey Trust Company
350 - 300 5th Avenue SW
Calgary Alberta T2P 3C4

Attention: Dan Sander
Email: dsander@odysseytrust.com

8.13 Notice to a Holder

Any and all notices to be given and any documents to be sent to any Holder may be given or sent to the address of such holder shown on the register of Holders in any manner permitted by the by- laws of the Company from time to time in force in respect of notices to Shareholders and shall be deemed to be received (if given or sent in such a manner) at the time specified in such by-laws, the provisions of which by-laws shall apply mutatis mutandis to notices or documents as aforesaid sent to such holders.

8.14 Further Acts

The parties hereto shall do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full force and effect to this Agreement.

8.15 Entire Agreement

This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof.

8.16 Counterparts

This Agreement may be executed in one or more counterparts, each of which so executed shall be deemed to be an original and all of which, when taken together, shall be deemed to constitute one and the same agreement. This Agreement may signed by fax copy or by e-mail transmission of an Adobe Acrobat file or similar means of recorded electronic transmission and such signature shall be valid and binding.

8.17 Independent Legal Advice

The Shareholders acknowledge, confirms and agree, in favour of each of the other parties hereto, that each Shareholder has had the opportunity to seek and was not prevented nor discouraged by any party hereto from seeking independent legal advice prior to the execution and delivery of this Agreement and that, in the event that such Shareholder did not avail itself with that opportunity prior to signing this Agreement, such Shareholder did so voluntarily without any undue pressure and agrees that its failure to obtain independent legal advice should not be used by it as a defence to the enforcement of such Shareholder's obligations under this Agreement.

8.17 Language

The parties hereto have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux presentes ont exige que le present contrat et tous autres contrats, documents ou avis afferents aux presentes soient rediges en langue anglaise.

8.18 Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

8.19 Attornment

Each party hereto agrees (i) that any action or proceeding relating to this Agreement may (but need not) be brought in any court of competent jurisdiction in the Province of British Columbia, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of such British Columbia court; (ii) that it irrevocably waives any right to, and will not, oppose any such British Columbia action or proceeding on any jurisdictional basis, including forum non conveniens; and (iii) not to oppose the enforcement against it in any other jurisdiction of any judgment or order duly obtained from an British Columbia court as contemplated by this Section 8.19.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

ACREAGE HOLDINGS, INC.

Per: *"Kevin Murphy"*
Name: Kevin Murphy
Title: Chief Executive Officer

ODYSSEY TRUST COMPANY

Per: *"Jenna Kaye"*
Name: Jenna Kaye
Title: Chief Executive Officer

Per: *"Dan Sander"*
Name: Dan Sander
Title: VP, Corporate Trust

"Witness"
Witness

"Kevin Murphy"
Kevin Murphy

MURPHY CAPITAL, LLC

Per: *"Kevin Murphy"*
Authorized Signing Officer

Schedule "A"
SHAREHOLDERS

Shareholders	**Address For Notice**
Kevin Murphy	366 Madison Avenue, 11th Floor New York, New York 10017
Murphy Capital, LLC	366 Madison Avenue, 11th Floor New York, New York 10017

SCHEDULE "B"
ADOPTION AGREEMENT

To: Acreage Holdings, Inc. (the "**Company**")
And To: Odyssey Trust Company (the "**Trustee**")
And To: The Shareholders under the Coattail Agreement (as defined below).

Reference is made to the coattail agreement dated as of November **[♦]**, 2018 (the "**Coattail Agreement**") among the Company, the Trustee and the Shareholders. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Coattail Agreement.

The undersigned,_____, hereby agrees to be a party to and bound by all of the terms, conditions, and other provisions of the Coattail Agreement as if the undersigned were an original party thereto.

For the purposes of any notice under or in respect of the Coattail Agreement, the address of the undersigned is: _____.

DATED at _____ , this _____ day of _____, 20__.

[Shareholder Name]

Per: _____
Name:
Title:

Schedule “C” TRUSTEE FEES

(see attached)

THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF

High Street Capital Partners, LLC, d/b/a Acreage Holdings
a Delaware limited-liability company

Dated as of November 14, 2018

THE SECURITIES REPRESENTED BY THIS LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED, SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

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Exhibit A	—	Form of Joinder Agreement

THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
HIGH STREET CAPITAL PARTNERS, LLC, D/B/A ACREAGE HOLDINGS

This THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "***Agreement***"), dated as of November 14, 2018, is entered into by and among High Street Capital Partners, LLC, d/b/a Acreage Holdings, a Delaware limited-liability company (the "***Company***") and its Members (as defined herein).

WHEREAS, the Company was formed by the filing of the Certificate (as defined herein) with the Secretary of State of the State of Delaware pursuant to the Act (as defined herein) on April 29, 2014;

WHEREAS, the Company and its then Members entered into an original limited liability company agreement dated as of December 10, 2015, which was amended as of July 22, 2016;

WHEREAS, the Company and its then Members entered into an amended and restated limited liability company agreement dated as of March 24, 2017;

WHEREAS, the Company, the Managing Member and a Supermajority in Interest of the Members entered into that certain Second Amended and Restated Limited Liability Company Agreement dated as of April 27, 2018 (the "***Prior Operating Agreement***");

WHEREAS, it is anticipated that immediately following the Effective Time (or as soon as practicable thereafter), the Company will enter into the Tax Receivable Agreement (as defined herein) and the Support Agreement (as defined herein);

WHEREAS, it is anticipated that immediately following the entry by the Company into the Tax Receivable Agreement and the Support Agreement (or as soon as practicable thereafter), Pubco will contribute $12,250,000 from the proceeds of a private placement completed by Pubco immediately prior to the adoption of this Agreement to USCo2 and substantially all of the remainder of such proceeds to USCo and thereafter that each of USCo and USCo2 will contribute substantially all of such cash to the Company in exchange for Common Units (the "***Company Cash Contribution***"); and

WHEREAS, it is anticipated that as of the Effective Time (or as soon as practicable thereafter) the Pubco Subordinate Voting Shares shall have been approved for listing on the CSE (as defined herein) (the "***Public Listing***").

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Manager and the Members, intending to be legally bound, hereby agree as follows:

ARTICLE I. DEFINITIONS

The following definitions shall be applied to the terms used in this Agreement for all purposes, unless otherwise clearly indicated to the contrary.

"***Act***" means the Delaware Limited Liability Company Act, as amended from time to time, or any corresponding provision or provisions of any succeeding or successor law of the State of Delaware; *provided*, *however*, that any amendment to the Act, or any succeeding or successor law, is applicable to the Company only if the Company has elected to be governed by the Act as so amended or by such succeeding or successor law, as the case may be. The term "Act" shall refer to the Act as so amended or to such succeeding or successor law only after the appropriate election by the Company, if made, has become effective.

"***Additional Member***" has the meaning set forth in Section 12.02.

"***Adjusted Capital Account Deficit***" means with respect to the Capital Account of any Member as of the end of any Taxable Year, the amount by which the balance in such Capital Account is less than zero. For this purpose, such Member's Capital Account balance shall be:

(a) reduced for any items described in Treasury Regulation Section 1.704- 1(b)(2)(ii)(d)(4), (5), and (6); and

(b) increased for any amount such Member is obligated to contribute or is treated as being obligated to contribute to the Company pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (relating to partner liabilities to a partnership) or 1.704-2(g)(1) and 1.704-2(i) (relating to minimum gain).

"***Admission Date***" has the meaning set forth in Section 10.06.

"***Affiliate***" (and, with a correlative meaning, "***Affiliated***") means, with respect to a specified Person, each other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or by contract or other agreement).

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Appraisers" has the meaning set forth in Section 15.02.

"***Assignee***" means a Person to whom a Company Interest has been transferred but who has not become a Member pursuant to ARTICLE XII.

"***Assumed Tax Liability***" means, with respect to a Member, an amount equal to the Distribution Tax Rate multiplied by the estimated or actual taxable income of the Company, as determined for federal income tax purposes, allocated to such Member pursuant to Section 5.05 for the period to which the Assumed Tax Liability relates as determined for U.S. federal income tax purposes to the extent not previously taken into account in determining the Assumed Tax Liability of such Member, as reasonably determined by the Manager; *provided* that, in the case of each of USCo and USCo2, such Assumed Tax Liability (i) shall be computed without regard to any increases to the tax basis of the Company's property pursuant to Section 743(b) of the Code and (ii) shall in no event be less than an amount that will enable each of USCo and USCo2 to meet its tax obligations, including its obligations pursuant to the Tax Receivable Agreement, for the relevant taxable year. If a Member is a member of a consolidated group for U.S. federal income tax purposes, then the Assumed Tax Liability with respect to such Member shall be determined in accordance with such Member's consolidated tax group.

"***Base Rate***" means, on any date, a variable rate per annum equal to the rate of interest most recently published by The Wall Street Journal as the "prime rate" at large U.S. money center banks.

"***Black-Out Period***" means any "black-out" or similar period under Pubco's policies covering trading in Pubco's securities to which the applicable Redeeming Member is subject, which period restricts the ability of such Redeeming Member to immediately resell shares of Pubco Subordinate Voting Shares to be delivered to such Redeeming Member in connection with a Share Settlement.

"***Book Value***" means, with respect to any Company property, the Company's adjusted basis for U.S. federal income tax purposes, adjusted from time to time to reflect the adjustments required or permitted by Treasury Regulation Section 1.704-1(b)(2)(iv)(d)-(g).

"***Breaching Member***" has the meaning set forth in Section 13.02(d).

"***Business Day***" means any day other than a Saturday or a Sunday or a day on which the principal securities exchange on which the Pubco Subordinate Voting Shares are traded or quoted is closed or banks located in Toronto, Ontario, Canada or New York, New York generally are authorized or required by Law to close.

"***Capital Account***" means the capital account maintained for a Member in accordance with Section 5.01.

"***Capital Contribution***" means, with respect to any Member, the amount of any cash, cash equivalents, promissory obligations or the Fair Market Value of other property that such Member contributes (or is deemed to contribute) to the Company pursuant to ARTICLE III hereof.

"***Cash Settlement***" means immediately available funds in U.S. dollars in an amount equal to the Redeemed Units Equivalent.

"***Certificate***" means the Certificate of Formation of the Company filed with the Secretary of State of the State of Delaware in accordance with the Act, as such Certificate may be amended from time to time in accordance with the Act.

"***Class C-1 Unit Conversion Factor***" means the quotient of: (i) the excess of the Capital Account balances attributable to all Common Units as of the date of conversion (assuming for this purpose that the Gross Asset Values of the Company's assets are adjusted pursuant to subsection (b) of the definition of Gross Asset Value as of the conversion date utilizing a five-day trailing average of the Gross Asset Value) over the Class C-1 Unit Threshold Amount for such vested Class C-1 Unit, divided by (ii) the Capital Account balances attributable to all Common Units as of the date of conversion (assuming for this purpose that the Gross Asset Values of the Company's assets are adjusted pursuant to subsection (b) of the definition of Gross Asset Value as of the conversion date utilizing a five-day trailing average of the Gross Asset Value).

"***Class C-1 Unit Threshold Amount***" means, for each Class C-1 Unit, the amount specified as the threshold amount in the relevant grant agreement, letter award, vesting agreement or other documentation pursuant to which such Class C-1 Unit was granted. The Class C-1 Unit Threshold Amount of a Class C-1 Unit is intended to be the Capital Account balances attributable to all Common Units as of the date of conversion (assuming for this purpose that the Gross Asset Values of the Company's assets are adjusted pursuant to subsection (b) of the definition of Gross Asset Value as of the conversion date).

"***Class C-1 Units***" means the Class C-1 Membership Units, as defined in the Prior Operating Agreement.

"***Code***" means the United States Internal Revenue Code of 1986, as amended.

"***Common Unit***" means a Unit representing a fractional part of the Company Interests of the Members and having the rights and obligations specified with respect to the Common Units in this Agreement other than, for the avoidance of doubt, Class C-1 Units.

"***Common Unit Contribution***" means the contribution by certain Unitholders of all, or a portion, of their Units to USCo or USCo2, as the case may be, in exchange for USCo voting common shares or USCo2 non-voting common shares, as applicable.

"***Common Unit Redemption***" has the meaning set forth in Section 11.01(a)(i).

"***Common Unit Redemption Price***" means the volume weighted average price for a Pubco Subordinate Voting Share on the principal securities exchange on which the Pubco Subordinate Voting Shares are traded or quoted, as reported by Bloomberg, L.P., or its successor, for each of the five (5) consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the Redemption Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Pubco Subordinate Voting Shares. If the Pubco Subordinate Voting Shares no longer trade on a securities exchange or automated or electronic quotation system, then the Manager shall determine the Common Unit Redemption Price in good faith.

"***Common Unitholder***" means a Member who is the registered holder of Common Units.

"***Company***" has the meaning set forth in the preamble to this Agreement.

"***Company Cash Contribution***" has the meaning set forth in the recitals to this Agreement.

"***Company Interest***" means the interest of a Member in Profits, Losses and Distributions.

"***Confidential Information***" has the meaning set forth in Section 16.02.

"***Contribution Notice***" has the meaning set forth in Section 11.01(b).

"***Corporate Incentive Award Plan***" means the Equity Incentive Plan of Pubco, as approved by the shareholders of Pubco, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"***CSE***" means the Canadian Securities Exchange, including any governmental body or agency succeeding to the functions thereof.

"***Definitive Agreement***" means that certain definitive agreement entered into by Pubco and the Company dated as of September 21, 2018.

"***Direct Exchange***" has the meaning set forth in Section 11.03(a).

"***Discount***" has the meaning set forth in Section 6.06.

"***Distributable Cash***" shall mean, as of any relevant date on which a determination is being made by the Manager regarding a potential distribution pursuant to Section 4.01(a), the amount of cash and cash equivalents held by the Company, less such cash reserves as the Manager determines are necessary to pay on a timely basis Company costs and expenses, including operating costs and expenses, taxes, debt service, capital expenditures and other obligations of the Company, taking into account the anticipated revenues of the Company.

"***Distribution***" (and, with a correlative meaning, "***Distribute***") means each distribution made by the Company to a Member with respect to such Member's Units, whether in cash, property or securities of the Company and whether by liquidating distribution or otherwise; *provided, however*, that none of the following shall be a Distribution: (a) any recapitalization that does not result in the distribution of cash or property to Members or any exchange of securities of the Company, and any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units or (b) any other payment made by the Company to a Member that is not properly treated as a "distribution" for purposes of Sections 731, 732, or 733 or other applicable provisions of the Code.

"***Distribution Tax Rate***" shall mean the tax rate determined in the sole discretion of the Manager.

"***Effective Time***" has the meaning set forth in Section 16.15.

"***Equity Plan***" means any option, stock, unit, stock unit, appreciation right, phantom equity or other incentive equity or equity-based compensation plan or program, in each case, now or hereafter adopted by Pubco, including the Corporate Incentive Award Plan.

"***Equity Securities***" means (a) Units or other equity interests in the Company or any Subsidiary of the Company (including other classes or groups thereof having such relative rights, powers and duties as may from time to time be established by the Manager pursuant to the provisions of this Agreement, including rights, powers and/or duties senior to existing classes and groups of Units and other equity interests in the Company or any Subsidiary of the Company), (b) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into Units or other equity interests in the Company or any Subsidiary of the Company, and (c) warrants, options or other rights to purchase or otherwise acquire Units or other equity interests in the Company or any Subsidiary of the Company.

"***Event of Withdrawal***" means the expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event that terminates the continued membership of a Member in the Company. "Event of Withdrawal" shall not include an event that (a) terminates the existence of a Member for income tax purposes (including (i) a change in entity classification of a Member under Treasury Regulations section 301.7701-3, (ii) a sale of assets by, or liquidation of, a Member pursuant to an election under Code Sections 336 or 338, or (iii) merger, severance, or allocation within a trust or among sub-trusts of a trust that is a Member) but that (b) does not terminate the existence of such Member under applicable state law (or, in the case of a trust that is a Member, does not terminate the trusteeship of the fiduciaries under such trust with respect to all the Company Interests of such trust that is a Member).

"Exchange Act" means the Securities and Exchange Act of 1934, as may be amended from time to time

"***Exchange Election Notice***" has the meaning set forth in Section 11.03(b).

"***Fair Market Value***" means, with respect to any asset, its fair market value determined according to Article XV.

"***Fiscal Period***" means any interim accounting period within a Taxable Year established by the Company and which is permitted or required by Section 706 of the Code.

"***Fiscal Year***" means the Company's annual accounting period established pursuant to Section 8.02.

"***Governmental Entity***" means (a) the United States of America, (b) any other sovereign nation, (c) any state, province, district, territory or other political subdivision of (a) or (b) of this definition, including any county, municipal or other local subdivision of the foregoing, or (d) any entity exercising executive, legislative, judicial, regulatory or administrative functions of government on behalf of (a), (b) or (c) of this definition.

"***Gross Asset Value***" means, with respect to any asset of the Company, such asset's adjusted basis for federal income tax purposes except as follows:

(a) the initial Gross Asset Value of (i) the assets contributed by each Member to the Company prior to the date hereof is the gross fair market value (as defined in Treasury Regulation section 1.704 -1(b)(2)(iv)(h)) of such contributed assets as indicated in the books and records of the Company as of the date hereof; and (ii) any asset hereafter contributed by a Member, other than money, is the gross fair market value (as defined in Treasury Regulation section 1.704-1(b)(2)(iv)(h)) thereof as agreed to by the Manager and the contributing party;

(b) if the Manager reasonably determines that an adjustment is necessary or appropriate to reflect the relative economic interests of the Members, the Gross Asset Values of the Company assets shall be adjusted to equal their respective gross fair market values, as reasonably determined by the Manager, as of the following times:

(i) a Capital Contribution (other than a *de minimis* Capital Contribution) to the Company by a new or existing Member as consideration for Units;

(ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company property as consideration for the redemption of Units;

(iii) the liquidation of the Company within the meaning of Treasury Regulation section 1.704- 1(b)(2)(ii)(g);

(iv) the issuance of any interests in the Company as consideration for the provision of services to or for the benefit of the Company; and

(v) the issuance by the Company of a non-compensatory option (other than an option for a *de minimis* membership interest);

(c) the Gross Asset Values of the Company assets distributed to any Member shall be the gross fair market value (as defined in Treasury Regulations section 1.704-1(b)(2)(iv)(h)) of such assets (taking Code Section 7701(g) into account) as reasonably determined by the Manager as of the date of distribution; and

(d) the Gross Asset Values of the Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Sections 734(b) or 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulation section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this paragraph (d) to the extent that the Manager reasonably determines that an adjustment pursuant to paragraph (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this paragraph (d).

At all times, the Gross Asset Values shall be adjusted by any depreciation taken into account with respect to the Company's assets for purposes of computing Net Profit and Net Loss. Any adjustment to the Gross Asset Value of Company property shall require an adjustment in the Company's Capital Accounts, which shall be allocated in accordance with the provisions of this Agreement.

"***IFRS***" means International Financial Reporting Standards, as issued by the International Accounting Standards Board.

"***Indemnified Person***" has the meaning set forth in Section 7.04(a).

"***Indicted/Investigated Member***" has the meaning set forth in Section 13.02(b).

"Investment Company Act" means the U.S. Investment Company Act of 1940, as amended from time to time

"***Joinder***" means a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement.

"***Law***" means all laws, statutes, ordinances, rules and regulations of the United States, any foreign country and each state, commonwealth, city, county, municipality, regulatory body, agency or other political subdivision thereof.

"***Losses***" means items of Company loss or deduction determined according to Section 5.01(b).

"***Manager***" has the meaning set forth in Section 6.01(a).

"***Material Subsidiary***" means any direct or indirect Subsidiary of the Company that, as of any date of determination, represents more than 50% of the consolidated net tangible assets of the Company or (b) 50% of the consolidated net income of the Company before interest, taxes, depreciation and amortization (calculated in a manner substantially consistent with IFRS).

"***Member***" means, as of any date of determination, (a) each Person named on the Schedule of Members and (b) any Person admitted to the Company as a Substituted Member or Additional Member in accordance with ARTICLE XII, but in each case only so long as such Person is shown on the Company's books and records as the owner of one or more Units.

"***Minimum Gain***" means "partnership minimum gain" determined pursuant to Treasury Regulation Section 1.704-2(d).

"***Misrepresenting Member***" has the meaning set forth in Section 13.02(d).

"***Net Loss***" means, with respect to a Fiscal Year, the excess if any, of Losses for such Fiscal Year over Profits for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Section 5.03 and Section 5.04).

"***Net Profit***" means, with respect to a Fiscal Year, the excess if any, of Profits for such Fiscal Year over Losses for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Section 5.03 and Section 5.04).

"***Officer***" has the meaning set forth in Section 6.01(b).

"***Other Agreements***" has the meaning set forth in Section 10.04.

"***Partnership Representative***" has the meaning set forth in Section 9.03.

"***Percentage Interest***" means the fraction, expressed as a percentage, the numerator of which is the sum of such Member's Common Units and Class C-1 Units, and the denominator of which is the sum of the total number of Common Units and Class C-1 Units issued and outstanding at such time, *provided that* each Class C-1 Unit that remains unvested or for which the Distribution Threshold has not been satisfied shall be excluded from both the numerator and the denominator.

"***Permitted Transfer***" has the meaning set forth in Section 10.02.

"***Person***" means an individual or any corporation, partnership, limited-liability company, trust, unincorporated organization, association, joint venture or any other organization or entity, whether or not a legal entity.

"***Prior Operating Agreement***" has the meaning set forth in the recitals to this Agreement.

"Pro rata," "pro rata portion," "according to their interests," "ratably," "proportionately," "proportional," "in proportion to," "based on the number of Units held," "based upon the percentage of Units held," "based upon the number of Units outstanding," and other terms with similar meanings, when used in the context of a number of Units of the Company relative to other Units, means as amongst an individual class of Units, pro rata based upon the number of such Units within such class of Units.

"***Profits***" means items of Company income and gain determined according to Section 5.01(b).

"***Proposed Safe Harbor***" has the meaning set forth in Section 3.02(b)(i).

"***Pubco***" means Acreage Holdings Inc., a corporation continued under the laws of British Columbia, Canada, together with its successors and assigns.

"***Pubco Subordinate Voting Shares***" means the common shares of Pubco, as authorized in the constating documents of Pubco.

"***Public Listing***" has the meaning set forth in the recitals to this Agreement.

"***Quarterly Redemption Date***" means, for each quarter beginning with the quarter ended March 31, 2019, the latest to occur of either: (a) the second Business Day after the date on which Pubco makes a public news release of its quarterly earnings for the prior quarter, (b) the first day of each quarter on which directors and executive officers of Pubco are permitted to trade under the applicable policies of Pubco related to trading by directors and executive officers, or (c) such other date as Pubco shall determine in its sole discretion. Pursuant to the Support Agreement, Pubco will deliver notice of the Quarterly Exchange Date to each Member (other than USCo and USCo2) at least seventy-five (75) days prior to each Quarterly Redemption Date.

"***Recapitalization***" means a recapitalization of the Company, as described in Section 3.03 hereof.

"***Redeemed Units***" has the meaning set forth in Section 11.01(a)(i).

"***Redeemed Units Equivalent***" means the product of (a) the Share Settlement and (b) the Common Unit Redemption Price.

"***Redeeming Member***" has the meaning set forth in Section 11.01(a)(i).

"***Redemption***" has the meaning set forth in Section 11.01(a)(i).

"***Redemption Date***" has the meaning set forth in Section 11.01(a)(i).

"***Redemption Notice***" has the meaning set forth in Section 11.01(a)(i).

"***Redemption Right***" has the meaning set forth in Section 11.01(a)(i).

"***Regulatory Adverse Member***" has the meaning set forth in Section 13.02(d).

"***Regulatory Allocations***" has the meaning set forth in Section 5.03(f).

"***Required Withdrawal***" has the meaning set forth in Section 13.02(e).

"***Restricted Taxable Year***" shall mean any of (i) the Taxable Year of the Company ending December 31, 2018, unless the Manager determines otherwise and notifies the Members prior to December 31, 2018, and (ii) any Taxable Year during which the Manager determines the Company does not satisfy the private placement safe harbor of Treasury Regulations Section 1.7704-1(h). Unless the Manager otherwise notifies the Members prior to the commencement of a Taxable Year, each Taxable Year of the Company shall be a Restricted Taxable Year. For the avoidance of doubt, the provisions herein referencing, or otherwise becoming effective during, a Restricted Taxable Year shall be for purposes of avoiding the classification of the Company for U.S. federal income tax purposes as a "publicly traded partnership" within the meaning of Section 7704(b) of the Code.

"***Safe Harbor Election***" has the meaning set forth in Section 3.02(b)(ii).

"***Schedule of Members***" has the meaning set forth in Section 3.01(b).

"***Securities Act***" means the U.S. Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Act shall be deemed to include any corresponding provisions of future Law.

"***Share Settlement***" means a number of Pubco Subordinate Voting Shares equal to the number of Redeemed Units.

"***Sponsor Person***" has the meaning set forth in Section 7.04(d).

"***Subject Member***" has the meaning set forth in Section 13.02(a).

"***Subsidiary***" means, with respect to any Person, any corporation, limited-liability company, partnership, association or business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, Managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited-liability company, partnership, association or other business entity (other than a corporation), a majority of the voting interests thereof are at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, references to a "Subsidiary" of the Company shall be given effect only at such times that the Company has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

"***Substituted Member***" means a Person that is admitted as a Member to the Company pursuant to Section 12.01.

"***Support Agreement***" means that certain support agreement by and between Pubco, USCo, USCo2, the Company and the Manager dated as of the date of the Effective Time.

"***Tax Distribution Date***" has the meaning set forth in Section 4.01(b)(i).

"***Tax Distributions***" has the meaning set forth in Section 4.01(b)(i).

"***Tax Receivable Agreement***" means that certain Tax Receivable Agreement, dated as the date hereof, by and among USCo, the Company, and those certain Members which are party thereto (including pursuant to consent or joinder thereto).

"***Taxable Year***" means the Company's accounting period for U.S. federal income tax purposes determined pursuant to Section 9.02.

"***Threshold Amount***" has the meaning set forth in Section 3.02(b)(i).

"***Trading Day***" means a day on which the principal securities exchange on which the Pubco Subordinate Voting Shares are traded or quoted is open for the transaction of business (unless such trading shall have been suspended for the entire day).

"***Transfer***" (and, with a correlative meaning, "***Transferring***") means any sale, transfer, assignment, pledge, encumbrance or other disposition of (whether directly or indirectly, whether with or without consideration and whether voluntarily or involuntarily or by operation of Law) (a) any interest (legal or beneficial) in any Equity Securities or (b) any equity or other interest (legal or beneficial) in any Member if substantially all of the assets of such Member consist solely of Units.

"***Treasury Regulations***" means the income tax regulations promulgated under the Code and any corresponding provisions of succeeding regulations.

"***Unit***" means a Company Interest of a Member or a permitted Assignee in the Company representing
a fractional part of the Company Interests of all Members and Assignees as may be established by the Manager from time to time in accordance with Section 3.02; *provided, however*, that any class or group of Units issued shall have the relative rights, powers and duties set forth in this Agreement, and the Company Interest represented by such class or group of Units shall be determined in accordance with such relative rights, powers and duties.

"***Unitholder***" means a Common Unitholder and any Member who is the registered holder of any other class of Units, if any.

"***Unvested Corporate Shares***" means Pubco Subordinate Voting Shares issued pursuant to an Equity Plan that are not Vested Corporate Shares.

"***USCo***" means Acreage Holdings America, Inc., a Nevada corporation.

"***USCo Common Shares***" means voting common shares of USCo.

"***USCo2***" means Acreage Holdings WC, Inc., a Nevada corporation.

"***USCo2 Class A Shares***" means class A voting common shares of USCo2.

"***USCo2 Class B Shares***" means class B non-voting common shares of USCo2.

"***Vested Corporate Shares***" means the Pubco Subordinate Voting Shares issued pursuant to an Equity Plan that are vested pursuant to the terms thereof or any award or similar agreement relating thereto.

ARTICLE II.
ORGANIZATIONAL MATTERS

Section 2.01 Formation of Company. The Company was formed on April 29, 2014 pursuant to the provisions of the Act.

Section 2.02 Third Amended and Restated Operating Agreement. The Members and the Manager hereby execute this Agreement, effective as of the Effective Time, for the purpose of establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Act. The Members hereby agree that during the term of the Company set forth in Section 2.06, the rights and obligations of the Members with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Act. On any matter upon which this Agreement is silent, the Act shall control. No provision of this Agreement shall be in violation of the Act and to the extent any provision of this Agreement is in violation of the Act, such provision shall be void and of no effect to the extent of such violation without affecting the validity of the other provisions of this Agreement; *provided, however*, that where the Act provides that a provision of the Act shall apply "unless otherwise provided in the operating agreement" or words of similar effect, the provisions of this Agreement shall in each instance control.

Section 2.03 Name. The name of the Company shall be "High Street Capital Partners, LLC", d/b/a Acreage Holdings. The Manager in its sole discretion may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all of the Members and, to the extent practicable, to all of the holders of any Equity Securities then outstanding. The Company's business may be conducted under its name and/or any other name or names deemed advisable by the Manager.

Section 2.04 Purpose. The principal purpose of the Company is to operate in the legal cannabis sector, which includes making and holding investments in equity and debt securities of cannabis related businesses, and operating cultivation, processing and dispensing activities with respect to cannabis products. The Company may engage in any lawful business, purpose or activity for which limited liability companies may be formed under the Act, whether incident to the foregoing purpose or otherwise. The Company shall have all the powers necessary or convenient to effect any purpose for which it was formed, including all powers granted by the Act.

Section 2.05 Principal Office; Registered Agent. The principal office of the Company shall be located at 366 Madison Avenue, 11th Fl., New York, New York 10017, or such other place as the Manager may, in its sole and absolute discretion, from time to time designate. The registered agent for service of process on the Company in the State of Delaware, and the address of such agent, shall be The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The Manager may from time to time change the Company's registered agent in the State of Delaware.

Section 2.06 Term. The term of the Company commenced upon the filing of the Certificate in accordance with the Act and shall continue in existence in perpetuity until termination and dissolution of the Company in accordance with this Agreement and the Act.

Section 2.07 No State-Law Partnership. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes other than as set forth in the last sentence of this Section 2.07, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. The Members intend that the Company shall be treated as a partnership for U.S. federal and, if applicable, state or local income tax purposes, and that each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

ARTICLE III.
MEMBERS; UNITS; CAPITALIZATION

Section 3.01 Members.

(a) Each Member was previously admitted as a Member of the Company and, except to the extent such Members contribute their Units to USCo or USCo2 following the Effective Time, shall remain a Member of the Company following the Effective Time.

(b) The Company shall maintain a schedule setting forth: (i) the name and address of each Member; (ii) the aggregate number of outstanding Units and the number and class of Units held by each Member; (iii) the aggregate amount of cash Capital Contributions that has been made by the Members with respect to their Units; and (iv) the Fair Market Value of any property other than cash contributed by the Members with respect to their Units (including, if applicable, a description and the amount of any liability assumed by the Company or to which contributed property is subject) (such schedule, the "***Schedule of Members***"). Upon any change in the number or ownership of outstanding Units (whether upon an issuance of Units, a Transfer of Units, a redemption or exchange of Units or otherwise), the Manager is authorized to amend and update the Schedule of Members. The Schedule of Members shall be the definitive record of ownership of each Unit of the Company and all relevant information with respect to each Member. Any reference in this Agreement to the Schedule of Members shall be deemed a reference to the Schedule of Members as amended and as in effect from time to time. The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Act.

(c) No Member shall be required or, except as approved by the Manager pursuant to Section 6.01 and in accordance with the other provisions of this Agreement, permitted to loan any money or property to the Company or borrow any money or property from the Company.

Section 3.02 Units.

(a) Interests in the Company shall be represented by Units, or such other securities of the Company, in each case as the Manager may establish in its discretion in accordance with the terms and subject to the restrictions hereof. Immediately after the Effective Time, the Units will be comprised of two classes of Units, including Common Units and Class C-1 Units. To the extent required pursuant to Section 3.04(a), and except in connection with the issuance of Units pursuant to an acquisition in accordance with Section 3.10, the Manager may create one or more classes or series of Common Units or preferred Units solely to the extent they are in the aggregate substantially equivalent to a class of common shares of Pubco or class or series of preferred shares of Pubco.

(b) Class C-1 Units.

(i) Class C-1 Units may be issued by the Manager from time to time as equity compensation for services provided to, or to be provided to, or for the benefit of, the Company or any Subsidiary by employees, consultants, independent contractors or advisors, and such Class C-1 Units are intended to constitute "profits interests," as such term is used by Rev. Proc. 93-27 and Rev. Proc. 2001-43. Class C-1 Units shall be non-voting. Class C-1 Units are intended to constitute "partnership interests transferred in connection with the performance of services" within the meaning of the "safe harbor" proposal expressed in Notice 2005-43 or Proposed Regulation Section 1.83-3(l) (herein referred to as the "***Proposed Safe Harbor***") to the extent the Internal Revenue Service hereafter finalizes or permits taxpayers to rely on the Proposed Safe Harbor. Class C-1 Units shall have an initial Capital Account equal to zero and have rights to and limitations on distributions such that, upon issuance, such Class C-1 Units (within the reasonable judgment of the Manager) constitute "profits interests" for United States federal income tax purposes, including by establishing a threshold amount of certain distributions pursuant to this Agreement that must be made with respect to all classes of Units outstanding immediately prior to the issuance of Class C-1 Units before the holders thereof may receive any distributions pursuant to Section 14.02. The threshold for each such issuance is referred to as the "***Threshold Amount***" with respect to such issuance, which will generally correspond to the Fair Market Value of the assets of the Company less the liabilities of the Company. The Manager may designate a series number for each subset of Class C-1 Units consisting of Class C-1 Units having the same Threshold Amount (each such subset herein referred to as a "Series"), which Threshold Amount may differ from the Threshold Amount of other Class C-1 Units not included in each such series. The date of issuance and the Threshold Amount for all issued and outstanding Class C-1 Units as of the Effective Date shall be set forth in a schedule prepared by the Manager and held by the Company, and the Manager shall include the date of issuance and the Threshold Amount for any new Series of Class C-1 Units issued after the Effective Date in an amendment to such schedule. Issuances from time to time after the Effective Date of Class C-1 Units pursuant to this Section 3.02(c) are intended to be nontaxable to their recipients to the fullest extent permitted by Law. The recipient of a Class C-1 Unit that is subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code shall be entitled, no later than 30 days following the grant of Class C-1 Units, to make an election under Section 83(b) of the Code with respect to the Class C-1 Units so granted, it being understood that the right to and responsibility for making such election shall be the Member's and the Company shall have no liability to the Member on account of such Member making, or not making, such election. The Company and all Members shall (i) treat such Class C-1 Units as outstanding for tax purposes, (ii) treat such holder of Class C-1 Units as a Member of the Company for U.S. federal income tax purposes with respect to such Class C-1 Units, and (iii) file all U.S. federal tax returns and reports consistently with the foregoing. Notwithstanding anything contained in this Section 3.02(c), none of the Company, the Manager nor any Member makes any representation as to the tax consequences of the issuance of Class C-1 Units pursuant to this Section 3.02(b)(i). The Manager shall have the power to amend the provisions of this Section 3.02(b)(i) to achieve the "profits interest" treatment intended by this Agreement, including that any Class C-1 Units that are granted in exchange for services provided or to be provided to or for the benefit of the Company are intended to be "profits interests" when issued for United States federal income tax purposes. For the avoidance of doubt, none of the Company, the Manager nor any Member of the Company is providing any covenant or guarantee that the characterization of a Class C-1 Units as a "profits interest" as described in this Section 3.02(b)(i) shall be accepted by any Governmental Entity or a court of Law. The Members acknowledge and agree that any Class C Profits Interests that were granted under the Prior Operating Agreement (or any other prior operating agreement of the Company) are and shall be treated as Class C-1 Units for all intents and purposes under this Agreement.

(ii) The Members agree that, in the event the Internal Revenue Service finalizes the regulations set forth in or permits taxpayers to rely on the Proposed Safe Harbor, the Company shall be authorized and directed to make the election described therein (herein referred to as the "***Safe Harbor Election***"), and the Company and each Member (including any person to whom an interest in the Company is transferred in connection with the performance of services) agrees to comply with all requirements of the Proposed Safe Harbor with respect to all interests in the Company transferred in connection with the performance of services while the Safe Harbor Election remains effective. The Manager or an officer of the Company designated by the Manager shall be authorized to prepare, execute, and file the Safe Harbor Election.

(iii) Class C-1 Units shall be subject to vesting, forfeiture, repurchase rights, and/or other provisions as set forth in any written agreement between the Company and the owner thereof executed on the issuance of Class C-1 Units, as approved by the Manager.

(c) Conversion of Class C-1 Units into Common Units.

(i) A Class C-1 Unit that has vested pursuant to the terms of any grant agreement, award letter or other applicable vesting schedule shall be converted into a number (or fraction thereof) of fully paid and non-assessable Common Units equal to the Class C-1 Unit Conversion Factor. The conversion of Class C-1 Units shall occur automatically after the close of business on the day, which is the later of: (i) the two-year anniversary of the date of grant of such Class C-1 Units; and (ii) the day on which such Class C-1 Units become fully vested, without any action on the part of the holder thereof, as of which time such holder shall be credited on the books and records of the Company with the issuance as of the opening of business on the next day of the number of Common Units issuable upon such conversion. For the avoidance of doubt, holders of Class C-1 Units shall not have the right to have unvested Class C-1 Units converted into Common Units until such Class C-1 Units vest.

(ii) For purposes of making future allocations under this Agreement, reference to a Member's portion of its Capital Account balance attributable to his or her Class C-1 Units shall, after the date of conversion of any Class C-1 Units and for purposes of calculating allocations to be made to any Member's Capital Account associated with such Class C-1 Units, exclude the portion of such Member's Capital Account balance attributable to the converted Class C-1 Units.

Section 3.03 Recapitalization; Capital Contributions.

(a) *Recapitalization*. In connection with the Recapitalization, as of the Effective Time, the issued and outstanding units of the Company, other than the Class C-1 Units, that in each case were issued and outstanding and held by the Members prior to the execution and effectiveness of this Agreement are hereby canceled and the Common Units are hereby issued and outstanding as of the Effective Time. The outstanding Common Units after giving effect to the Recapitalization, and the respective holders thereof as of the Effective Time, are reflected on the Schedule of Members.

(b) *Member Capital Contributions*. The Members' Capital Contributions shall be reflected on the Schedule of Members. For the avoidance of doubt, the Members shall be admitted as Members with respect to all Common Units they hold from time to time. The parties hereto acknowledge and agree that Capital Contributions made or to be made to the Company by such Members will result in a "reevaluation of partnership property" and corresponding adjustments to Capital Account balances as described in Treasury Regulations section 1.704-1(b)(2)(iv)(f).

Section 3.04 Issuance of Additional Units in Conformance with Support Agreement. The Manager shall be authorized to cause the Company to undertake all actions necessary or required by the Company under the Support Agreement including without limitation any reclassification, consolidation, split, distribution, or recapitalization, with respect to the Common Units, to maintain the same ratios between the number of outstanding Pubco Subordinate Voting Shares, the number of outstanding USCo Common Shares plus the number of outstanding USCo2 shares (consisting of USCo2 Class A Common Shares and USCo2 Class B Common Shares), and the number of Common Units issued and outstanding immediately prior to any such reclassification, consolidation, split, distribution, or recapitalization of shares at USCo, USCo2 or Pubco.

Section 3.05 Repurchase or Redemption of Pubco Subordinate Voting Shares or USCo2 Class B Shares.

(a) If, at any time, any Pubco Subordinate Voting Shares are repurchased or redeemed (whether by exercise of a put or call, automatically or by means of another arrangement) by Pubco for cash, then each of USCo and USCo2 shall, immediately prior to such repurchase or redemption of Pubco Subordinate Voting Shares, redeem a proportionate number of shares of stock of each of USCo and USCo2 held by Pubco as the total number of shares of stock of each of USCo and USCo2 held by Pubco bears to the total number of shares of stock of USCo and USCo2 held by Pubco, at an aggregate redemption price equal to the aggregate purchase or redemption price of the Pubco Subordinate Voting Shares being repurchased or redeemed by Pubco (plus any expenses related thereto) and upon such other terms as are the same for the Pubco Subordinate Voting Shares being repurchased or redeemed by Pubco; *provided that*, immediately prior to such redemption by USCo of such shares of stock of USCo and by USCo2 of such shares of stock of USCo2, the Manager shall cause the Company to redeem a proportionate number of Common Units held by each of USCo and USCo 2 as the total number of Common Units held by each of USCo and USCo2 bears to the total number of Common Units held by USCo and USCo2, at an aggregate redemption price equal to the aggregate purchase or redemption price of the Pubco Subordinate Voting Shares being repurchased or redeemed by Pubco (plus any expenses related thereto) and upon such other terms as are the same for the Pubco Subordinate Voting Shares being repurchased or redeemed by Pubco.

(b) If, at any time, any USCo2 Class B Shares are repurchased or redeemed (whether by exercise of a put or call, automatically or by means of another arrangement) by USCo2 (or its designee) for cash, then the Manager shall cause the Company to redeem a number of Common Units held by USCo2 at an aggregate redemption price equal to the aggregate purchase or redemption price of the USCo2 Class B Shares being repurchased or redeemed by USCo2 (plus any expenses related thereto) and upon such other terms as are the same for the USCo2 Class B Shares being repurchased or redeemed by USCo2.

(c) Notwithstanding any provision to the contrary in this Agreement, no repurchase or redemption shall be made if such repurchase or redemption would violate any applicable Law.

Section 3.06 Certificates Representing Units; Lost, Stolen or Destroyed Certificates; Registration and Transfer of Units.

(a) Units shall not be certificated unless otherwise determined by the Manager. If the Manager determines that one or more Units shall be certificated, each such certificate shall be signed by or in the name of the Company, by the Chief Executive Officer and any other officer designated by the Manager, representing the number of Units held by such holder. Such certificate shall be in such form (and shall contain such legends) as the Manager may determine. Any or all of such signatures on any certificate representing one or more Units may be a facsimile, engraved or printed, to the extent permitted by applicable Law. The Manager agrees that it shall not elect to treat any Unit as a "security" within the meaning of Article 8 of the Uniform Commercial Code of any applicable jurisdiction unless thereafter all Units then outstanding are represented by one or more certificates.

(b) If Units are certificated, the Manager may direct that a new certificate representing one or more Units be issued in place of any certificate theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon delivery to the Manager of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Manager may require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

(c) Upon surrender to the Company or the transfer agent of the Company, if any, of a certificate for one or more Units, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, in compliance with the provisions hereof, the Company shall issue a new certificate representing one or more Units to the Person entitled thereto, cancel the old certificate and record the transaction upon its books. Subject to the provisions of this Agreement, the Manager may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, Transfer and registration of Units.

Section 3.07 Negative Capital Accounts. No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

Section 3.08 No Withdrawal. No Person shall be entitled to withdraw any part of such Person's Capital Contribution or Capital Account or to receive any Distribution from the Company, except as expressly provided in this Agreement.

Section 3.09 Loans From Members. Loans by Members to the Company shall not be considered Capital Contributions. Subject to the provisions of Section 3.01(c), the amount of any such advances shall be a debt of the Company to such Member and shall be payable or collectible in accordance with the terms and conditions upon which such advances are made.

Section 3.10 Acquisitions. The Manager may cause the Company from time to time to issue Common Units or other Equity Securities to Persons for the purpose of acquiring additional assets or equity interests in corporations, partnerships, limited liability companies and other entities, on the terms as determined by the Manager in its sole and absolute discretion. The terms of any such acquisition, including price, shall be negotiated and determined by the Manager in its sole and absolute discretion.

Section 3.11 Pubco Equity Incentive Plans. Nothing in this Agreement shall be construed or applied to preclude or restrain Pubco from adopting, modifying or terminating an Equity Plan or from issuing Pubco Subordinate Voting Shares pursuant to any such Equity Plans. Pubco may implement such Equity Plans and any actions taken under such Equity Plans (such as the grant or exercise of options to acquire Pubco Subordinate Voting Shares, or the issuance of Unvested Corporate Shares), whether taken with respect to or by an employee or other service provider of Pubco, USCo, USCo2, the Company or its Subsidiaries, in a manner determined by Pubco in its sole discretion. The Manager may amend this Agreement as necessary or advisable in its sole discretion in connection with the adoption, implementation, modification or termination of an Equity Plan by Pubco. In the event of such an amendment by the Manager, the Company will provide notice of such amendment to the Members. For the avoidance of doubt, the Company shall be expressly authorized to issue Units (i) in accordance with the terms of any such Equity Plan, or (ii) in an amount equal to the number of Pubco Subordinate Voting Shares issued pursuant to any such Equity Plan, without any further act, approval or vote of any Member or any other Persons.

ARTICLE IV.
DISTRIBUTIONS

Section 4.01 Distributions.

(a) *Distributable Cash; Other Distributions*. To the extent permitted by applicable Law and hereunder, Distributions to Members (for the avoidance of doubt including holders of Class C-1 Units if, and only to the extent, their respective Threshold Amounts have been reached) may be declared by the Manager out of Distributable Cash or other funds or property legally available therefor in such amounts and on such terms (including the payment dates of such Distributions) as the Manager shall determine using such record date as the Manager may designate; such Distributions shall be made to the Members as of the close of business on such record date on a pro rata basis in accordance with each Member's Percentage Interest as of the close of business on such record date; *provided, however*, that the Manager shall have the obligation to make Distributions as set forth in Sections 4.01(b) and 14.02; and, *provided further,* that, notwithstanding any other provision herein to the contrary, no Distributions shall be made to any Member to the extent such Distribution would render the Company insolvent. For purposes of the foregoing sentence, insolvency means either (i) the inability of the Company to pay its debts as they come due in the usual course of business, or (ii) the total assets of the Company being less than the sum of its total liabilities. Promptly following the designation of a record date and the declaration of a Distribution pursuant to this Section 4.01(a), the Manager shall give notice to each Member of the record date, the amount and the terms of the Distribution and the payment date thereof. In furtherance of the foregoing, it is intended that the Manager shall, to the extent permitted by applicable Law and hereunder, have the right in its sole discretion to make Distributions to the Members pursuant to this Section 4.01(a) in such amounts as shall enable each of USCo and USCo 2 to pay dividends or to meet its respective obligations, including its obligations pursuant to the Tax Receivable Agreement (to the extent such obligations are not otherwise able to be satisfied as a result of Tax Distributions required to be made pursuant to Section 4.01(b)).

(b) *Tax Distributions*.

(i) On or about each date (a "***Tax Distribution Date***") that is five (5) Business Days prior to each due date for the U.S. federal income tax return of an individual calendar year taxpayer (without regard to extensions) (or, if earlier, the due date for the U.S. federal income tax return of USCo, as determined without regard to extensions), the Company shall, to the extent of Distributable Cash as determined by the Manager in its sole discretion, be required to make a Distribution to each Member of cash in an amount equal to the excess of such Member's Assumed Tax Liability, if any, for such taxable period over the Distributions previously made to such Member pursuant to this Section 4.01(b) with respect to such taxable period (the "***Tax Distributions***"). Notwithstanding the foregoing, the Manager may, in its discretion, make such Tax Distributions on a quarterly basis, and any date on which such Tax Distributions are made will be considered a Tax Distribution Date for purposes hereof.

(ii) To the extent a Member otherwise would be entitled to receive less than its Percentage Interest of the aggregate Tax Distributions to be paid pursuant to this Section 4.01(b) on any given date, the Tax Distributions to such Member shall be increased to ensure that all Distributions made pursuant to this Section 4.01(b) are made pro rata in accordance with such Member's Percentage Interest. If, on a Tax Distribution Date, there are insufficient funds on hand to distribute to the Members the full amount of the Tax Distributions to which such Members are otherwise entitled, Distributions pursuant to this Section 4.01(b) shall be made to the Members only to the extent of available funds in accordance with their Percentage Interests and the Company shall make future Tax Distributions as soon as the Manager determines in its sole discretion that funds have become available sufficient to pay the remaining portion of the Tax Distributions to which such Members are otherwise entitled.

(iii) In the event of any audit by, or similar event with, a taxing authority that affects the calculation of any Member's Assumed Tax Liability for any Taxable Year, or in the event the Company files an amended tax return, each Member's Assumed Tax Liability with respect to such year shall be recalculated by giving effect to such event (for the avoidance of doubt, taking into account interest or penalties). Any shortfall in the amount of Tax Distributions the Members and former Members received for the relevant Taxable Years based on such recalculated Assumed Tax Liability shall, to the extent of Distributable Cash available therefor as determined by the Manager in its sole discretion, promptly be distributed to such Members and the successors of such former Members, except, for the avoidance of doubt, to the extent Distributions were made to such Members and former Members pursuant to Section 4.01(a) and this Section 4.01(b) in the relevant Taxable Years sufficient to cover such shortfall.

(iv) Notwithstanding the foregoing, Distributions pursuant to this Section 4.01(b), if any, shall be made to a Member (or its predecessor in interest) only to the extent all previous Distributions to such Member pursuant to Section 4.01(a) with respect to the Fiscal Year are less than the Distributions such Member (and its predecessor in interest) otherwise would have been entitled to receive with respect to such Fiscal Year pursuant to this Section 4.01(b).

Section 4.02 Restricted Distributions. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any Distribution to any Member on account of any Company Interest if such Distribution would violate any applicable Law or the terms of any other agreement to which the Company is a party.

ARTICLE V.
CAPITAL ACCOUNTS; ALLOCATIONS; TAX MATTERS

Section 5.01 Capital Accounts.

(a) The Company shall maintain a separate Capital Account for each Member according to the rules of Treasury Regulations section 1.704-1(b)(2)(iv). For this purpose, the Company may (in the discretion of the Manager), upon the occurrence of the events specified in Treasury Regulations section 1.704-1(b)(2)(iv)(f), increase or decrease the Capital Accounts in accordance with the rules of such Treasury Regulations and Treasury Regulations section 1.704-1(b)(2)(iv)(g) to reflect a revaluation of Company property.

(b) For purposes of computing the amount of any item of Company income, gain, loss or deduction to be allocated pursuant to this Article V and to be reflected in the Capital Accounts of the Members, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for U.S. federal income tax purposes (including any method of depreciation, cost recovery or amortization used for this purpose); *provided, however*, that:

(i) The computation of all items of income, gain, loss and deduction shall include those items described in Code Section 705(a)(l)(B) or Code Section 705(a)(2)(B) and Treasury Regulations section 1.704-1(b)(2)(iv)(i), without regard to the fact that such items are not includable in gross income or are not deductible for U.S. federal income tax purposes.

(ii) If the Book Value of any Company property is adjusted pursuant to Treasury Regulations section 1.704-1(b)(2)(iv)(f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property.

(iii) Items of income, gain, loss or deduction attributable to the disposition of Company property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the Book Value of such property.

(iv) Items of depreciation, amortization and other cost recovery deductions with respect to Company property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the property's Book Value in accordance with Treasury Regulations section 1.704-1(b)(2)(iv)(g).

(v) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulations section 1.704- 1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

Section 5.02 Allocations. Except as otherwise provided in Section 5.03 and Section 5.04, Net Profits and Net Losses for any Fiscal Year or Fiscal Period shall be allocated among the Capital Accounts of the Members pro rata in accordance with their respective Percentage Interests.

Section 5.03 Regulatory Allocations.

(a) Losses attributable to partner nonrecourse debt (as defined in Treasury Regulations section 1.704- 2(b)(4)) shall be allocated in the manner required by Treasury Regulations section 1.704-2(i). If there is a net decrease during a Taxable Year in partner nonrecourse debt minimum gain (as defined in Treasury Regulations section 1.704-2(i)(3)), Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) shall be allocated to the Members in the amounts and of such character as determined according to Treasury Regulations section 1.704-2(i)(4).

(b) Nonrecourse deductions (as determined according to Treasury Regulations section 1.704- 2(b)(1)) for any Taxable Year shall be allocated pro rata among the Members in accordance with their Percentage Interests. Except as otherwise provided in Section 4.03(a), if there is a net decrease in the Minimum Gain during any Taxable Year, each Member shall be allocated Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) in the amounts and of such character as determined according to Treasury Regulations section 1.704-2(f). This Section 5.03(b) is intended to be a minimum gain chargeback provision that complies with the requirements of Treasury Regulations section 1.704-2(f), and shall be interpreted in a manner consistent therewith.

(c) If any Member that unexpectedly receives an adjustment, allocation or Distribution described in Treasury Regulations section 1.704-1(b)(2)(ii)(d)(4), (5) and (6) has an Adjusted Capital Account Deficit as of the end of any Taxable Year, computed after the application of Sections 5.03(a) and 5.03(b) but before the application of any other provision of this Article V, then Profits for such Taxable Year shall be allocated to such Member in proportion to, and to the extent of, such Adjusted Capital Account Deficit. This Section 5.03(c) is intended to be a qualified income offset provision as described in Treasury Regulations section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(d) If the allocation of Net Losses to a Member as provided in Section 5.02 would create or increase an Adjusted Capital Account Deficit, there shall be allocated to such Member only that amount of Losses as will not create or increase an Adjusted Capital Account Deficit. The Net Losses that would, absent the application of the preceding sentence, otherwise be allocated to such Member shall be allocated to the other Members in accordance with their relative Percentage Interests, subject to this Section 5.03(d).

(e) Profits and Losses described in Section 5.01(b)(v) shall be allocated in a manner consistent with the manner that the adjustments to the Capital Accounts are required to be made pursuant to Treasury Regulations section 1.704-1(b)(2)(iv)(j), (k) and (m).

(f) The allocations set forth in Section 5.03(a) through and including Section 5.03(e) (the "***Regulatory Allocations***") are intended to comply with certain requirements of Sections 1.704-1(b) and 1.704-2 of the Treasury Regulations. The Regulatory Allocations may not be consistent with the manner in which the Members intend to allocate Profit and Loss of the Company or make Distributions. Accordingly, notwithstanding the other provisions of this ARTICLE V, but subject to the Regulatory Allocations, income, gain, deduction and loss shall be reallocated among the Members so as to eliminate the effect of the Regulatory Allocations and thereby cause the respective Capital Accounts of the Members to be in the amounts (or as close thereto as possible) they would have been if Profits and Losses (and such other items of income, gain, deduction and loss) had been allocated without reference to the Regulatory Allocations. In general, the Members anticipate that this will be accomplished by specially allocating other Profit and Loss (and such other items of income, gain, deduction and loss) among the Members so that the net amount of the Regulatory Allocations and such special allocations to each such Member is zero. In addition, if in any Fiscal Year or Fiscal Period there is a decrease in partnership minimum gain, or in partner nonrecourse debt minimum gain, and application of the minimum gain chargeback requirements set forth in Section 5.03(a) or Section 5.03(b) would cause a distortion in the economic arrangement among the Members, the Members may, if they do not expect that the Company will have sufficient other income to correct such distortion, request the Internal Revenue Service to waive either or both of such minimum gain chargeback requirements. If such request is granted, this Agreement shall be applied in such instance as if it did not contain such minimum gain chargeback requirement.

Section 5.04 Final Allocations. Notwithstanding any provision to the contrary contained in this Agreement except Section 5.02 and Section 5.03, the Manager shall make appropriate adjustments to allocations of Net Profits and Net Losses to (or, if necessary, allocate items of gross income, gain, loss or deduction of the Company among) the Members upon the liquidation of the Company (within the meaning of Treasury Regulations section 1.704-1(b)(2)(ii)(g)), the transfer of substantially all the Units (whether by sale or exchange or merger) or sale of all or substantially all the assets of the Company, such that, to the maximum extent possible, the Capital Accounts of the Members are proportionate to their Percentage Interests. In each case, such adjustments or allocations shall occur, to the maximum extent possible, in the Fiscal Year of the event requiring such adjustments or allocations.

Section 5.05 Tax Allocations.

(a) The income, gains, losses, deductions and credits of the Company will be allocated, for U.S. federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and credits among the Members for computing their Capital Accounts; *provided* that if any such allocation is not permitted by the Code or other applicable Law, the Company's subsequent income, gains, losses, deductions and credits will be allocated among the Members so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value using any reasonable method as determined in the sole discretion of the Manager taking into account the principles of Treasury Regulations section 1.704- 3(b).

(c) If the Book Value of any Company asset is adjusted pursuant to Section 5.01(b), subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c) using any reasonable method as determined in the sole discretion of the Manager taking into account the principles of Treasury Regulations section 1.704-3(b).

(d) Allocations of tax credits, tax credit recapture, and any items related thereto shall be allocated to the Members pro rata as determined by the Manager taking into account the principles of Treasury Regulations section 1.704-1(b)(4)(ii).

(e) For purposes of determining a Member's pro rata share of the Company's "excess nonrecourse liabilities" within the meaning of Treasury Regulations section 1.752-3(a)(3), each Member's interest in income and gain shall be in proportion to the Units held by such Member.

(f) Allocations pursuant to this Section 5.04 are solely for purposes of U.S. federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, Distributions or other Company items pursuant to any provision of this Agreement.

Section 5.06 Indemnification and Reimbursement for Payments on Behalf of a Member. To the extent not otherwise addressed in Section 9.04, if the Company is obligated to pay any amount to a Governmental Entity (or otherwise makes a payment to a Governmental Entity) that is specifically attributable to a Member or a Member's status as such (including U.S. federal withholding or other taxes, partnership adjustments (as defined in Code Section 6241(2) including any "imputed underpayments" (as determined in accordance with Code Section 6225(c)(3), (4) and (5)), state personal property taxes and state unincorporated business taxes, but excluding payments such as professional association fees and the like made voluntarily by the Company on behalf of any Member based upon such Member's status as an employee of the Company), then such Person shall indemnify the Company in full for the entire amount paid (including interest, penalties and related expenses). The Manager may offset Distributions to which a Person is otherwise entitled under this Agreement against such Person's obligation to indemnify the Company under this Section 5.06. A Member's obligation to make contributions to the Company under this Section 5.06 shall survive the termination, dissolution, liquidation and winding up of the Company, and for purposes of this Section 5.06, the Company shall be treated as continuing in existence. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 5.06, including instituting a lawsuit to collect such contribution with interest calculated at a rate per annum equal to the sum of the Base Rate plus 300 basis points (but not in excess of the highest rate per annum permitted by Law). Each Member hereby agrees to furnish to the Company such information and forms as required or reasonably requested in order to comply with any laws and regulations governing withholding of tax or in order to claim any reduced rate of, or exemption from, withholding to which the Member is legally entitled.

ARTICLE VI.
MANAGEMENT

Section 6.01 Authority of the Manager.

(a) Except for situations in which the approval of any Member(s) is specifically required by this Agreement, (i) all management powers over the business and affairs of the Company shall be exclusively vested in the Manager of the Company (the "***Manager***") and (ii) the Manager shall conduct, direct and exercise full control over all activities of the Company. USCo shall serve as the Manager of the Company. The Manager shall be the "Manager" of the Company for the purposes of the Act. Except as otherwise expressly provided for herein and subject to the other provisions of this Agreement, the Members hereby consent to the exercise by the Manager of all such powers and rights conferred on the Members by the Act with respect to the management and control of the Company. Any vacancies in the position of Manager shall be filled in accordance with Section 6.04.

(b) The day-to-day business and operations of the Company shall be overseen and implemented by officers of the Company (each, an "***Officer***" and collectively, the "***Officers***"), subject to the limitations imposed by the Manager. An Officer may, but need not, be a Member. Each Officer shall be appointed by the Manager and shall hold office until his or her successor shall be duly designated and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any one Person may hold more than one office. Subject to the other provisions in this Agreement (including in Section 6.07 below), the salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Manager. The authority and responsibility of the Officers shall include, but not be limited to, such duties as the Manager may, from time to time, delegate to them and the carrying out of the Company's business and affairs on a day-to-day basis. The existing Officers of the Company as of the Effective Time shall remain in their respective positions and shall be deemed to have been appointed by the Manager. All Officers shall be, and shall be deemed to be, officers and employees of the Company. An Officer may also perform one or more roles as an officer of the Manager.

(c) The Manager shall have the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Company (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Company) or the merger, consolidation, reorganization or other combination of the Company with or into another entity.

Section 6.02 Actions of the Manager. The Manager may act through any Officer or through any other Person or Persons to whom authority and duties have been delegated pursuant to Section 6.07. The Manager shall have the authority to administer and amend the Tax Receivable Bonus Plan, dated on or about as of even date herewith, which such plan is hereby approved by the Members.

Section 6.03 Resignation; No Removal. The Manager may resign at any time by giving written notice to the Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Members, and the acceptance of the resignation shall not be necessary to make it effective. The Members have no right under this Agreement to remove or replace the Manager.

Section 6.04 Vacancies. Vacancies in the position of Manager occurring for any reason shall be filled by USCo (or, if USCo has ceased to exist without any successor or assign, then by the holders of a majority in interest of the voting capital stock of USCo immediately prior to such cessation). The Members have no right under this Agreement to fill any vacancy in the position of Manager.

Section 6.05 Transactions between the Company and the Manager. The Manager may cause the Company to contract and deal with the Manager, or any Affiliate of the Manager, *provided* such contracts and dealings are on terms comparable to and competitive with those available to the Company from others dealing with the Company at arm's-length or are approved by the Members. The Members hereby approve the entry by the Company into the Tax Receivable Agreement and the Support Agreement, and the Company Cash Contribution, each pursuant to the terms as determined by the Manager, acting reasonably, and the grant or other issuance of Class C-1 Units to executives or employees of the Company or other Members and any compensation plans, incentive award plans or similar plans associated therewith.

Section 6.06 Reimbursement for Expenses. The Manager shall not be compensated for its services as Manager of the Company except as expressly provided in this Agreement. The Members acknowledge and agree that the Manager shall be reimbursed by the Company for any reasonable out-of-pocket expenses incurred on behalf of the Company including, without limitation, fees incurred in connection with transfer agent services provided to USCo, USCo 2 and the Company. The Members further acknowledge and agree that certain actions taken by USCo, USCo 2 and Pubco will inure to the benefit of the Company and all Members; therefore, the Company shall reimburse each of USCo and USCo 2 for any reasonable out-of-pocket expenses incurred by USCo, USCo2 or Pubco on behalf of the Company, including all fees, expenses and costs associated with the Public Listing and all fees, expenses and costs of Pubco being a public company (including expenses incurred in connection with public reporting obligations, information circulars, shareholder meetings, stock exchange fees, transfer agent fees, securities commission and stock exchange filing fees and offering expenses) and maintaining the corporate existence of each of USCo, USCo 2 and Pubco. In the event that Pubco Subordinate Voting Shares are sold to underwriters in any subsequent public offering at a price per share that is lower than the price per share for which such Pubco Subordinate Voting Shares are sold to the public in such subsequent public offering after taking into account underwriters' discounts or commissions and brokers' fees or commissions (such difference, the "***Discount***"), (i) Pubco shall be deemed to have contributed to each of USCo and USCo 2, in proportion to the number that each of the USCo Common Shares and the USCo2 Class A Shares held by Pubco bears to the total number of USCo Common Shares and USCo2 Class A Shares held by Pubco, in exchange for newly issued USCo Common Shares and USCo2 Class A Shares the full amount for which such Pubco Subordinate Voting Shares were sold to the public; (ii) the Manager and USCo2, together, shall be deemed to have contributed to the Company in exchange for newly issued Common Units the full amount for which such Pubco Subordinate Voting Shares were sold to the public and (iii) the Company shall be deemed to have paid the Discount as an expense. To the extent practicable, expenses incurred by the Manager on behalf of or for the benefit of the Company shall be billed directly to and paid by the Company and, if and to the extent any reimbursements to the Manager or any of its Affiliates by the Company pursuant to this Section 6.06 constitute gross income to such Person (as opposed to the repayment of advances made by such Person on behalf of the Company), such amounts shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Members' Capital Accounts.

Section 6.07 Delegation of Authority. The Manager (a) may, from time to time, delegate to one or more Persons such authority and duties as the Manager may deem advisable, and (b) may assign titles (including chief executive officer, president, chief financial officer, chief operating officer, chief strategy officer, vice president, secretary, assistant secretary, treasurer or assistant treasurer) and delegate certain authority and duties to such Persons as the same may be amended, restated or otherwise modified from time to time. Any number of titles may be held by the same individual. The salaries or other compensation, if any, of such agents of the Company shall be fixed from time to time by the Manager, subject to the other provisions in this Agreement.

Section 6.08 Limitation of Liability of Manager.

(a) Except as otherwise provided herein or in an agreement entered into by such Person and the Company, neither the Manager nor any of the Manager's Affiliates shall be liable to the Company or to any Member that is not the Manager for any act or omission performed or omitted by the Manager in its capacity as the sole Manager of the Company pursuant to authority granted to the Manager by this Agreement; *provided, however*, that, except as otherwise provided herein, such limitation of liability shall not apply to the extent the act or omission was attributable to the Manager's fraud, intentional misconduct or knowing violation of Law or for any present or future breaches of any representations, warranties or covenants by the Manager or its Affiliates contained herein or in the other agreements with the Company, in each case as determined by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected. The Manager may exercise any of the powers granted to it by this Agreement and shall perform any of the duties imposed upon it hereunder either directly or by or through its agents, and shall not be responsible for any misconduct or negligence on the part of any such agent (so long as such agent was selected in good faith and with reasonable care). The Manager shall be entitled to rely in good faith on the provisions of this Agreement and on information, opinions, reports or statements (including financial statements and information, opinions, reports or statements as to the value or amount of the assets, liabilities, Profits or Losses of the Company or any facts pertinent to the existence and amount of assets from which Distributions to Members might properly be paid) of the following other Persons or groups: one or more Officers or employees of the Company or the Manager; any attorney, independent accountant, appraiser or other expert or professional employed or engaged by or on behalf of the Company or the Manager; or any other Person who has been selected with reasonable care by or on behalf of the Company, or the Manager, in each case as to matters which the Manager reasonably believes to be within such other Person's competence, and any act of or failure to act by the Manager in good faith reliance on such advice shall in no event subject the Manager to liability to the Company or any Member that is not the Manager.

(b) Whenever this Agreement or any other agreement contemplated herein provides that the Manager shall act in a manner which is, or provide terms which are, "fair and reasonable" to the Company or any Member that is not the Manager, the Manager shall determine such appropriate action or provide such terms considering, in each case, the relative interests of each party to such agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable IFRS.

(c) Whenever in this Agreement or any other agreement contemplated herein, the Manager is permitted or required to take any action or to make a decision in its "sole discretion" or "discretion," with "complete discretion" or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including its own interests, and shall, to the fullest extent permitted by applicable Law, have no duty or obligation to give any consideration to any interest of or factors affecting the Company or other Members.

(d) Whenever in this Agreement the Manager is permitted or required to take any action or to make a decision in its "good faith" or under another express standard, the Manager shall act under such express standard and, to the extent permitted by applicable Law, shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein, and, notwithstanding anything contained herein to the contrary, so long as the Manager acts in good faith or such other express standard permitted or required hereunder, the resolution, action or terms so made, taken or provided by the Manager shall not constitute a breach of this Agreement or any other agreement contemplated herein or impose liability upon the Manager or any of the Manager's Affiliates.

Section 6.09 Investment Company Act. The Manager shall use its best efforts to ensure that the Company shall not be subject to registration as an investment company pursuant to the Investment Company Act.

Section 6.10 Outside Activities of the Manager. The Manager shall not, directly or indirectly, enter into or conduct any business or operations, other than in connection with (a) the ownership, acquisition and disposition of Common Units, (b) the management of the business and affairs of the Company and its Subsidiaries, (c) financing or refinancing of any type related to the Company, its Subsidiaries or their assets or activities, and (d) such activities as are incidental to the foregoing; *provided, however*, that the Manager may, in its sole and absolute discretion, from time to time hold or acquire assets in its own name or otherwise other than through the Company and its Subsidiaries so long as the Manager takes commercially reasonable measures to ensure that the economic benefits and burdens of such assets are otherwise vested in the Company or its Subsidiaries, through assignment, mortgage loan or otherwise or, if it is not commercially reasonable to vest such economic interests in the Company or any of its Subsidiaries, the Members shall negotiate in good faith to amend this Agreement to reflect such activities and the direct ownership of assets by the Manager. Nothing contained herein shall be deemed to prohibit the Manager from executing any guarantee of indebtedness of the Company or its Subsidiaries.

ARTICLE VII.
RIGHTS AND OBLIGATIONS OF MEMBERS

Section 7.01 Limitation of Liability and Duties of Members.

(a) Except as provided in this Agreement or in the Act, no Member (including the Manager) shall be obligated personally for any debt, obligation or liability solely by reason of being a Member. Notwithstanding anything contained herein to the contrary, the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business and affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

(b) In accordance with the Act and the laws of the State of Delaware, a Member may, under certain circumstances, be required to return amounts previously distributed to such Member. It is the intent of the Members that no Distribution to any Member pursuant to ARTICLE IV shall be deemed a return of money or other property paid or distributed in violation of the Act. To the fullest extent permitted by Law, any Member receiving any such money or property shall not be required to return any such money or property to the Company or any other Person. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of any other Member.

(c) Notwithstanding any other provision of this Agreement (subject to Section 6.08 with respect to the Manager), to the extent that, at law or in equity, any Member (or any Member's Affiliate or any Manager, Manager, general partner, director, officer, employee, agent, fiduciary or trustee of any Member or of any Affiliate of a Member) has duties (including fiduciary duties) to the Company, to the Manager, to another Member, to any Person who acquires an interest in a Company Interest or to any other Person bound by this Agreement, all such duties (including fiduciary duties) are hereby eliminated, to the fullest extent permitted by law, and replaced with the duties or standards expressly set forth herein, if any. The elimination of duties (including fiduciary duties) to the Company, the Manager, each of the Members, each other Person who acquires an interest in a Company Interest and each other Person bound by this Agreement and replacement thereof with the duties or standards expressly set forth herein, if any, are approved by the Company, the Manager, each of the Members, each other Person who acquires an interest in a Company Interest and each other Person bound by this Agreement.

Section 7.02 Lack of Authority. No Member, other than the Manager or a duly appointed Officer, in each case in its capacity as such, has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company or to make any expenditure on behalf of the Company. The Members hereby consent to the exercise by the Manager of the powers conferred on them by Law and this Agreement.

Section 7.03 No Right of Partition. No Member, other than the Manager, shall have the right to seek or obtain partition by court decree or operation of Law of any Company property, or the right to own or use particular or individual assets of the Company.

Section 7.04 Indemnification.

(a) Subject to Section 5.06, the Company hereby agrees to indemnify and hold harmless any Person (each an "***Indemnified Person***") to the fullest extent permitted under the Act, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Company is providing immediately prior to such amendment), against all expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties) reasonably incurred or suffered by such Person (or one or more of such Person's Affiliates) by reason of the fact that such Person is or was a Member or is or was serving at the request of the Company as the Manager, an Officer, an employee or another agent of the Company or is or was serving at the request of the Company as a Manager, member, employee or agent of another limited-liability company, corporation, partnership, joint venture, trust or other enterprise; *provided, however*, that no Indemnified Person shall be indemnified for actions against the Company, the Manager or Managers, or any other Members or which are not made in good faith and not or in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding other than by or in the right of the Company, had reasonable cause to believe the conduct was unlawful, or for any present or future breaches of any representations, warranties or covenants by such Indemnified Person or its Affiliates contained herein or in the other agreements with the Company. Expenses, including attorneys' fees, incurred by any such Indemnified Person in defending a proceeding shall be paid by the Company as they are incurred and in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such Indemnified Person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that such Indemnified Person is not entitled to be indemnified by the Company.

(b) The right to indemnification and the advancement of expenses conferred in this Section 7.04 shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, agreement, bylaw, action by the Manager or otherwise.

(c) The Company shall maintain directors' and officers' liability insurance, or make other financial arrangements, at its expense, to protect any Indemnified Person (and the investment funds, if any, they represent) against any expense, liability or loss described in Section 7.04(a) whether or not the Company would have the power to indemnify such Indemnified Person against such expense, liability or loss under the provisions of this Section 7.04. The Company shall use its commercially reasonable efforts to purchase directors' and officers' liability insurance (including employment practices coverage) with a carrier and in an amount determined necessary or desirable as determined in good faith by the Manager.

(d) Notwithstanding anything contained herein to the contrary (including in this Section 7.04), the Company agrees that any indemnification and advancement of expenses available to any current or former Indemnified Person from any investment fund that is an Affiliate of the Company who served as a director of the Company or as a Member of the Company by virtue of such Person's service as a member, director, partner or employee of any such fund prior to or following the Effective Time (any such Person, a "***Sponsor Person***") shall be secondary to the indemnification and advancement of expenses to be provided by the Company pursuant to this Section 7.04 which shall be provided out of and to the extent of Company assets only and no Member (unless such Member otherwise agrees in writing or is found in a final decision by a court of competent jurisdiction to have personal liability on account thereof) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity of the Company and the Company (i) shall be the primary indemnitor of first resort for such Sponsor Person pursuant to this Section 7.04 and (ii) shall be fully responsible for the advancement of all expenses and the payment of all damages or liabilities with respect to such Sponsor Person which are addressed by this Section 7.04.

(e) If this Section 7.04 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Indemnified Person pursuant to this Section 7.04 to the fullest extent permitted by any applicable portion of this Section 7.04 that shall not have been invalidated and to the fullest extent permitted by applicable Law.

Section 7.05 Members Right to Act. For matters that require the approval of the Members, the Members shall act through meetings and written consents as described in paragraphs (a) and (b) below:

(a) Except as otherwise expressly provided by this Agreement, acts by the Members holding a majority of the Common Units, voting together as a single class, shall be the acts of the Members. Any Member entitled to vote at a meeting of Members or to express consent or dissent to Company action in writing without a meeting may authorize another person or persons to act for it by proxy. An electronic mail or similar transmission by the Member, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the Member shall (if stated thereon) be treated as a proxy executed in writing for purposes of this Section 7.05(a). No proxy shall be voted or acted upon after eleven months from the date thereof, unless the proxy provides for a longer period. A proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and that the proxy is coupled with an interest. Should a proxy designate two or more Persons to act as proxies, unless that instrument shall provide to the contrary, a majority of such Persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or, if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, the Company shall not be required to recognize such proxy with respect to such issue if such proxy does not specify how the votes that are the subject of such proxy are to be voted with respect to such issue.

(b) The actions by the Members permitted hereunder may be taken at a meeting called by the Manager or by the Members holding a majority of the Units entitled to vote on such matter on at least 48 hours' prior written notice to the other Members entitled to vote, which notice shall state the purpose or purposes for which such meeting is being called. The actions taken by the Members entitled to vote or consent at any meeting (as opposed to by written consent), however called and noticed, shall be as valid as though taken at a meeting duly held after regular call and notice if (but not until), either before, at or after the meeting, the Members entitled to vote or consent as to whom it was improperly held signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. The actions by the Members entitled to vote or consent may be taken by vote of the Members entitled to vote or consent at a meeting or by written consent, so long as such consent is signed by Members having not less than the minimum number of Units that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Prompt notice of the action so taken, which shall state the purpose or purposes for which such consent is required and may be delivered via email, without a meeting shall be given to those Members entitled to vote or consent who have not consented in writing; *provided, however*, that the failure to give any such notice shall not affect the validity of the action taken by such written consent. Any action taken pursuant to such written consent of the Members shall have the same force and effect as if taken by the Members at a meeting thereof.

ARTICLE VIII.
BOOKS, RECORDS, ACCOUNTING AND REPORTS, AFFIRMATIVE COVENANTS

Section 8.01 Records and Accounting. The Company shall keep, or cause to be kept, appropriate books and records with respect to the Company's business, including all books and records necessary to provide any information, lists and copies of documents required to be provided pursuant to Section 8.03 or pursuant to applicable Law and IFRS. All matters concerning (a) the determination of the relative amount of allocations and Distributions among the Members pursuant to Articles III and IV and (b) accounting procedures and determinations, and other determinations not specifically and expressly provided for by the terms of this Agreement, shall be determined by the Manager, whose determination shall be final and conclusive as to all of the Members absent manifest clerical error.

Section 8.02 Fiscal Year. The "***Fiscal Year***" of the Company shall begin on the first day of January and end on the last day of December each year or such other date as may be established by the Manager.

Section 8.03 Reports. The Company shall deliver or cause to be delivered, within one hundred eighty (180) days after the end of each Fiscal Year or as soon as practicable thereafter, to each Person who was a Member at any time during such Fiscal Year, all information reasonably necessary for the preparation of such Person's United States federal and applicable state income tax returns.

ARTICLE IX.
TAX MATTERS

Section 9.01 Preparation of Tax Returns. The Manager shall arrange for the preparation and timely filing of all tax returns required to be filed by the Company. No later than the later of (i) one hundred eighty (180) days following the end of the prior Fiscal Year or as soon as practicable thereafter, and (ii) 30 Business Days after the issuance of the final financial statement report for a Fiscal Year by the Company's auditors, or as soon as practical thereafter, the Company shall send to each Person who was a Member at any time during such Fiscal Year, a statement showing such Member's final state tax apportionment information and allocations to the Members of taxable income, gains, losses, deductions and credits for such Fiscal Year and a completed IRS Schedule K-1. Each Member shall notify the other Members and the Manager upon receipt of any notice of tax examination of the Company by federal, state or local authorities. Subject to the terms and conditions of this Agreement, in its capacity as Partnership Representative, USCo shall have the authority to prepare the tax returns of the Company using such permissible methods and elections as it determines in its reasonable discretion, including the use of any permissible method under Section 706 of the Code for purposes of determining the varying Company Interests of its Members.

Section 9.02 Tax Elections. Unless otherwise determined by the Manager in its sole discretion, the Taxable Year shall be the Fiscal Year set forth in Section 8.02. The Company and any eligible Subsidiary shall make an election pursuant to Section 754 of the Code, shall not thereafter revoke such election and shall make a new election pursuant to Section 754 to the extent necessary following any "termination" of the Company or the Subsidiary under Section 708 of the Code. Each Member will upon request supply any information reasonably necessary to give proper effect to any such elections.

Section 9.03 Tax Controversies. Pursuant to the Revised Partnership Audit Provisions, USCo shall be designated and may, on behalf of the Company, at any time, and without further notice to or consent from any Member, act as the "partnership representative" of the Company (within the meaning given to such term in Section 6223 of the Code) (the "***Partnership Representative***") for purposes of the Code. The Partnership Representative shall designate an individual satisfying the requirements of Proposed Treasury Regulations section 301.6223-1(b)(2) and Proposed Treasury Regulations section 301.6223-1(b)(4), as each may be amended or re-designated upon finalization, to serve as the sole individual through which it will act in its capacity as the Partnership Representative. The Partnership Representative shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Partnership Representative and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services reasonably incurred in connection therewith. Each Member agrees to cooperate with the Company and to do or refrain from doing any or all things reasonably requested by the Company with respect to the conduct of such proceedings. The Partnership Representative shall keep all Members fully advised on a current basis of any contacts by or discussions with the tax authorities. Nothing herein shall diminish, limit or restrict the rights of any Member under the Revised Partnership Audit Provisions.

Section 9.04 Withholding.

(a) To the extent the Company is required by applicable Laws or any tax treaty to withhold or to otherwise make tax payments on behalf of or with respect to any Member or affiliate of such Member, the Company shall withhold and make such tax payments as so required. To the extent that any distributions that would otherwise be made to such Member at or about the time when the Company will make such tax payment equal or exceed the amount of such tax payments, the amount of such tax payments shall constitute an advance by the Company to such Member and shall be repaid to the Company by reducing the amount of the current distributions that would otherwise have been made to such Member. To the extent that such tax payments exceed the distributions that would otherwise be made to such Member at or about the time when the Company will make the tax payments, such Member shall make a Capital Contribution equal to the difference between the amount of the tax payment and the amount of such Member's distribution at such time and the difference shall be deemed a "cash call" with respect to such Member. If such Member fails to pay such "cash call" within the later of five (5) days prior to the date that such tax payment by the Company will be made or fifteen (15) days from notice from the Company that a tax payment will be made on behalf of such Member, in order to permit the Company to make the relevant tax payment, any other Member may elect to make a Capital Contribution equal to the "cash call" that the owing Member failed to make or to reduce the distributions that would otherwise be made to such other Member at or about the time when the Company will make the tax payment in a similar amount.

(b) If such other Member, by reason of such a payment (or deemed payment) on behalf of an owing Member made pursuant to Section 9.04(a), is required by applicable Laws or any tax treaty to withhold or to make tax payments on behalf of or with respect to the owing Member, any such tax payments by such other Member shall be treated for purposes of this Agreement only as if such tax payments had been Capital Contributions and had been tax payments made by the Company pursuant to Section 9.04(a).

(c) In the event any Member transfers or otherwise disposes of an interest in the Company and otherwise fails to deliver an IRS Form W-9 or another validly executed and timely provided certificate as provided in Code Section 1446(f) or Treasury Regulations to be promulgated thereunder, such Person shall either: (i) deliver to the Company, not less than three (3) Business Days prior to the effective time of any transfer or other disposition, cash constituting 10% of the total consideration price to be received by such Person pursuant to such transfer or other disposition; or (ii) deliver to the Company, not less than three (3) Business Days prior to the effective time of any transfer or other disposition, adequate security with a fair market value equal to, or exceeding, 10% of the total consideration price to be received by such Person pursuant to such transfer or other disposition, which cash or security may be used by the Company to satisfy any withholding taxes applicable to such transfer or other disposition in accordance with applicable Law.

ARTICLE X.
RESTRICTIONS ON TRANSFER OF UNITS

Section 10.01 Transfers by Members. No holder of Units may Transfer any interest in any Units, except Transfers (a) pursuant to and in accordance with Section 10.02 or (b) approved in writing by the Manager; *provided* that holders of Class C-1 Units shall not be permitted to Transfer such Class C-1 Units until the later of (i) the two-year anniversary of the date of grant thereof; or (ii) the date on which such Class C-1 Units are fully vested. Notwithstanding the foregoing, "Transfer" shall not include an event that terminates the existence of a Member for income tax purposes (including a change in entity classification of a Member under Treasury Regulations Section 301.7701-3, termination of a partnership pursuant to Code Section 708(b)(1), a sale of assets by, or liquidation of, a Member pursuant to an election under Code Sections 336 or 338, or merger, severance, or allocation within a trust or among sub-trusts of a trust that is a Member), but that does not terminate the existence of such Member under applicable state law (or, in the case of a trust that is a Member, does not terminate the trusteeship of the fiduciaries under such trust with respect to all the Company Interests of such trust that is a Member).

Section 10.02 Permitted Transfers. Except with respect to the Transfer restrictions specific to Class C- 1 Units, the restrictions contained in Section 10.01 shall not apply to any Transfer (each, a "***Permitted Transfer***") pursuant to (i)(A) a Redemption or Exchange in accordance with Article XI hereof or (B) a Transfer by a Member to Pubco or any of its Subsidiaries including USCo and USCo2; (ii) a Transfer by any Member to such Member's spouse, any lineal ascendants or descendants or trusts or other entities in which such Member or Member's spouse, lineal ascendants or descendants hold (and continue to hold while such trusts or other entities hold Units) 50% or more of such entity's beneficial interests; (iii) the laws of descent and distribution and (iv) a Transfer to a partner, shareholder, unitholder, member or Affiliated investment fund of such Member; *provided, however*, that (A) the restrictions contained in this Agreement will continue to apply to Units after any Permitted Transfer of such Units, and (B) in the case of the foregoing clauses (ii), (iii) and (iv), the transferees of the Units so Transferred shall agree in writing to be bound by the provisions of this Agreement and, the transferor will deliver a written notice to the Company, which notice will disclose in reasonable detail the identity of the proposed transferee. All Permitted Transfers are subject to the additional limitations set forth in Section 10.07(b).

Section 10.03 Restricted Units Legend. The Units have not been registered under the Securities Act and, therefore, in addition to the other restrictions on Transfer contained in this Agreement, cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is then available. To the extent such Units have been certificated, each certificate evidencing Units and each certificate issued in exchange for or upon the Transfer of any Units (if such securities remain Units as defined herein after such Transfer) shall be stamped or otherwise imprinted with a legend in substantially the following form:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THE THIRD AMENDED AND RESTATED OPERATING AGREEMENT OF HIGH STREET CAPITAL PARTNERS, LLC, D/B/A ACREAGE HOLDINGS, AS MAY BE AMENDED AND MODIFIED FROM TIME TO TIME, AND HIGH STREET CAPITAL PARTNERS, LLC D/B/A ACREAGE HOLDINGS RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITIES UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY HIGH STREET CAPITAL PARTNERS, LLC, D/B/A ACREAGE HOLDINGS TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

The Company shall imprint such legend on certificates (if any) evidencing Units. The legend set forth above shall be removed from the certificates (if any) evidencing any units which cease to be Units in accordance with the definition thereof.

Section 10.04 Transfer. Prior to Transferring any Units, the Transferring holder of Units shall cause the prospective transferee to be bound by this Agreement as provided in Section 10.02 and any other agreements executed by the holders of Units and relating to such Units in the aggregate (collectively, the "***Other Agreements***"), and shall cause the prospective transferee to execute and deliver to the Company and the other holders of Units counterparts of this Agreement and any applicable Other Agreements. Any Transfer or attempted Transfer of any Units in violation of any provision of this Agreement (including any prohibited indirect Transfers) shall be void, and in the event of any such Transfer or attempted Transfer, the Company shall not record such Transfer on its books or treat any purported transferee of such Units as the owner of such securities for any purpose.

Section 10.05 Assignee's Rights.

(a) The Transfer of a Company Interest in accordance with this Agreement shall be effective as of the date of its assignment (assuming compliance with all of the conditions to such Transfer set forth herein), and such Transfer shall be shown on the books and records of the Company. Profits, Losses and other Company items shall be allocated between the transferor and the Assignee according to Code Section 706, using any permissible method as determined in the reasonable discretion of the Manager. Distributions made before the effective date of such Transfer shall be paid to the transferor, and Distributions made after such date shall be paid to the Assignee.

(b) Unless and until an Assignee becomes a Member pursuant to ARTICLE XII, the Assignee shall not be entitled to any of the rights granted to a Member hereunder or under applicable Law, other than the rights granted specifically to Assignees pursuant to this Agreement; *provided, however*, that, without relieving the transferring Member from any such limitations or obligations as more fully described in Section 10.06, such Assignee shall be bound by any limitations and obligations of a Member contained herein that a Member would be bound on account of the Assignee's Company Interest (including the obligation to make Capital Contributions on account of such Company Interest).

Section 10.06 Assign or's Rights and Obligations . Any Member who shall Transfer any Company Interest in a manner in accordance with this Agreement shall cease to be a Member with respect to such Units or other interest and shall no longer have any rights or privileges, or, except as set forth in this Section 10.06, duties, liabilities or obligations, of a Member with respect to such Units or other interest (it being understood, however, that the applicable provisions of Sections 6.08 and 7.04 shall continue to inure to such Person's benefit), except that unless and until the Assignee (if not already a Member) is admitted as a Substituted Member in accordance with the provisions of ARTICLE XII (the "***Admission Date***"), such assigning Member shall retain all of the duties, liabilities and obligations of a Member with respect to such Units or other interest, and the Manager may, in its sole discretion, reinstate all or any portion of the rights and privileges of such Member with respect to such Units or other interest for any period of time prior to the Admission Date. Nothing contained herein shall relieve any Member who Transfers any Units or other interest in the Company from any liability of such Member to the Company with respect to such Company Interest that may exist on the Admission Date or that is otherwise specified in the Act and incorporated into this Agreement or for any liability to the Company or any other Person for any materially false statement made by such Member (in its capacity as such) or for any present or future breaches of any representations, warranties or covenants by such Member (in its capacity as such) contained herein or in the other agreements with the Company.

Section 10.07 Overriding Provisions.

(a) Any Transfer in violation of this Article X shall be null and void *ab initio*, and the provisions of Sections 10.05 and 10.06 shall not apply to any such Transfers. For the avoidance of doubt, any Person to whom a Transfer is made or attempted in violation of this Article X shall not become a Member, shall not be entitled to vote on any matters coming before the Members and shall not have any other rights in or with respect to any rights of a Member of the Company. The approval of any Transfer in any one or more instances shall not limit or waive the requirement for such approval in any other or future instance. The Manager shall promptly amend the Schedule of Members to reflect any Permitted Transfer pursuant to this Article X.

(b) Notwithstanding anything contained herein to the contrary (including, for the avoidance of doubt, the provisions of Section 10.01 and Article XI and Article XII), in no event shall any Member Transfer any Units to the extent such Transfer could, in the reasonable determination of the Manager:

(i) result in a violation of the Securities Act, or any other applicable federal, state or foreign Laws;

(ii) cause an assignment under the Investment Company Act;

(iii) be a violation of or a default (or an event that, with notice or the lapse of time or both, would constitute a default) under, or result in an acceleration of any indebtedness under, any promissory note, mortgage, loan agreement, indenture or similar instrument or agreement to which the Company or the Manager is a party; *provided* that the payee or creditor to whom the Company or the Manager owes such obligation is not an Affiliate of the Company or the Manager;

(iv) cause the Company to lose its status as a partnership for federal income tax purposes or, without limiting the generality of the foregoing, such Transfer was effected on or through an "established securities market" or a "secondary market or the substantial equivalent thereof," as such terms are used in Section 1.7704-1 of the Treasury Regulations;

(v) be a Transfer to a Person who is not legally competent or who has not achieved his or her majority under applicable Law (excluding trusts for the benefit of minors);

(vi) cause the Company or any Member or the Manager to be treated as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended;

(vii) cause the Company (as determined by the Manager in its sole discretion) to be treated as a "publicly traded partnership" or to be taxed as a corporation pursuant to Section 7704 of the Code or successor provision of the Code; or

(viii) result in the Company having more than one hundred (100) "partners", within the meaning of Treasury Regulations Section 1.7704-1(h)(1) (determined pursuant to the rules of Treasury Regulations Section 1.7704-1(h)(3)) in any Taxable Year that is not a Restricted Taxable Year.

ARTICLE XI.
REDEMPTION AND EXCHANGE RIGHTS

Section 11.01 Redemption Right of a Member.

(a) *Redemption Notice*.

(i) Subject to the provisions set forth in this Section 11.01, each Member holding Common Units (other than USCo and USCo2) shall be entitled to cause the Company to redeem (a "***Common Unit Redemption***") its Common Units at any time beginning on the date hereof, unless such Member has entered into a contractual lock-up agreement in connection with the Public Listing and relating to the shares of Pubco that may be applicable to such Member, and then beginning on the date such lock-up agreement has been waived or terminated as it applies to such Member. A Member desiring to exercise its Redemption Right (the "***Redeeming Member***") shall exercise such right by giving written notice (the "***Redemption Notice***") to the Company with a copy to the Manager and to Pubco. The Redemption Notice shall specify the number of Common Units (the "***Redeemed Units***"), that the Redeeming Member intends to have the Company redeem and a date (unless and to the extent that the Manager in its sole discretion agrees in writing to waive such time periods) on which exercise of the Redemption Right shall be completed, which complies with the requirements set forth in Section 11.01(a)(ii) (the "***Redemption Date***"); *provided* that (x) if the Redemption Date occurs in a Restricted Taxable Year, the Redemption Date must be a date that satisfies the conditions of Section 11.01(a)(ii), and (y) the Company, the Manager and the Redeeming Member may change the number of Redeemed Units and/or the Redemption Date specified in such Redemption Notice to another number and/or date by mutual agreement signed in writing by each of them. Unless the Redeeming Member has revoked or delayed a Redemption as provided in Section 11.01(c), on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date) (A) the Redeeming Member shall transfer and surrender the Redeemed Units to the Company, free and clear of all liens and encumbrances, and (B) the Company shall transfer to the Redeeming Member the consideration to which the Redeeming Member is entitled under Section 11.01(b), *provided that*, if such Units are certificated, the Company shall issue to the Redeeming Member a certificate for a number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate surrendered by the Redeeming Member pursuant to clause (B) of this Section 11.01(a)(i) and the Redeemed Units.

(ii) Any Redemption Date that occurs in a Restricted Taxable Year must be a Quarterly Redemption Date not less than sixty (60) days after delivery of the applicable Redemption Notice. Any Redemption Date that occurs in a year that is not a Restricted Taxable Year must be not less than seven (7) Business Days nor more than ten (10) Business Days after delivery of the applicable Redemption Notice.

(b) In exercising its Redemption Right, a Redeeming Member shall be entitled to receive the Share Settlement or the Cash Settlement; *provided* that the Manager shall have the option as provided in Section 11.02 and subject to Section 11.01(d) to select whether the redemption payment is made by means of a Share Settlement or a Cash Settlement. Within three (3) Business Days of delivery of the Redemption Notice, the Manager shall give written notice (the "***Contribution Notice***") to the Company (with a copy to the Redeeming Member) of its intended settlement method; *provided* that if the Manager does not timely deliver a Contribution Notice, the Manager shall be deemed to have elected the Share Settlement method.

(c) In the event the Manager elects a Share Settlement in connection with a Redemption, a Redeeming Member shall be entitled to revoke its Redemption Notice or delay the consummation of a Redemption if any of the following conditions exists: (i) any registration statement pursuant to which the resale of the Pubco Subordinate Voting Shares to be registered for such Redeeming Member at or immediately following the consummation of the Redemption shall have ceased to be effective pursuant to any action or inaction by the CSE or any other Governmental Entity having jurisdiction over the Pubco Subordinate Voting Shares or no such resale registration statement has yet become effective; (ii) if the Redemption is conditional on the resulting Pubco Subordinate Voting Shares being qualified for distribution under a prospectus on terms which Pubco has agreed to and Pubco shall have failed to cause such a prospectus to be filed and receipted by the applicable securities regulatory authorities in accordance with the conditions to the Redemption; (iii) Pubco shall have exercised its right to defer, delay or suspend the filing or effectiveness of a registration statement and such deferral, delay or suspension shall affect the ability of such Redeeming Member to have its Pubco Subordinate Voting Shares registered at or immediately following the consummation of the Redemption; (iv) Pubco shall have disclosed to such Redeeming Member any material non-public information concerning Pubco, the receipt of which could reasonably be determined to result in such Redeeming Member being prohibited or restricted from selling Pubco Subordinate Voting Shares at or immediately following the Redemption without disclosure of such information (and Pubco does not permit disclosure); (v) any stop order or cease trade order relating to the Pubco Subordinate Voting Shares was to be registered by such Redeeming Member at or immediately following the Redemption shall have been issued by the CSE or any other applicable exchange or an applicable securities regulatory authority; (vi) there shall have occurred a material disruption in the securities markets generally or in the market or markets in which the Pubco Subordinate Voting Shares are then traded; (vii) there shall be in effect an injunction, a restraining order or a decree of any nature of any Governmental Entity that restrains or prohibits the Redemption; (viii) the Redemption Date would occur three (3) Business Days or less prior to, or during, a Black-Out Period; *provided further*, that in no event shall the Redeeming Member seeking to revoke its Redemption Notice or delay the consummation of such Redemption and relying on any of the matters contemplated in clauses (i) through (viii) above have controlled or intentionally materially influenced any facts, circumstances, or Persons in connection therewith (except in the good faith performance of his or her duties as an officer or director of Pubco) in order to provide such Redeeming Member with a basis for such delay or revocation. If a Redeeming Member delays the consummation of a Redemption pursuant to this Section 11.01(c), the Redemption Date shall occur on the fifth Business Day following the date on which the conditions giving rise to such delay cease to exist (or such earlier day as the Manager, Pubco, the Company and such Redeeming Member may agree in writing).

(d) The number of Pubco Subordinate Voting Shares or the Redeemed Units Equivalent that a Redeeming Member is entitled to receive under Section 11.01(b) (through a Share Settlement or Cash Settlement, as applicable) shall not be adjusted on account of any Distributions previously made with respect to the Redeemed Units or dividends previously paid with respect to Pubco Subordinate Voting Shares; *provided, however*, that if a Redeeming Member causes the Company to redeem Redeemed Units and the Redemption Date occurs subsequent to the record date for any Distribution with respect to the Redeemed Units but prior to payment of such Distribution, the Redeeming Member shall be entitled to receive such Distribution with respect to the Redeemed Units on the date that it is made notwithstanding that the Redeeming Member transferred and surrendered the Redeemed Units to the Company prior to such date.

(e) In the event of a reclassification or other similar transaction as a result of which the shares of Pubco Subordinate Voting Shares are converted into another security, then in exercising its Redemption Right a Redeeming Member shall be entitled to receive the amount of such security that the Redeeming Member would have received if such Redemption Right had been exercised and the Redemption Date had occurred immediately prior to the record date (or effective date in the event that there is no associated record date) of such reclassification or other similar transaction.

(f) Notwithstanding anything to the contrary contained herein, each of the Company, the Manager and Pubco shall not be obligated to effectuate a Redemption if such Redemption (in the sole discretion of the Manager) could: (i) cause the Company to be treated as a "publicly traded partnership" or to be taxed as a corporation pursuant Section 7704 of the Code or successor provisions of the Code; or (ii) cause Pubco to lose its status as a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the Securities Act.

Section 11.02 Election of USCo and Redemption of Redeemed Units. In connection with the exercise of a Redeeming Member's Redemption Rights under Section 11.01(a), USCo shall contribute to the Company the consideration the Redeeming Member is entitled to receive under Section 11.01(b). USCo, at its option, shall determine whether to contribute, pursuant to Section 11.01(b), the Share Settlement or the Cash Settlement. Unless the Redeeming Member has revoked or delayed a Redemption as provided in Section 11.01(c), on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date) (i) USCo shall make its Capital Contribution to the Company (in the form of the Share Settlement or the Cash Settlement) required under this Section 11.02, and (ii) the Company shall issue to USCo a number of Common Units equal to the number of Redeemed Units surrendered by the Redeeming Member. Notwithstanding any other provisions of this Agreement to the contrary, in the event that USCo elects a Cash Settlement, USCo shall only be obligated to contribute to the Company an amount in respect of such Cash Settlement equal to the net proceeds from the sale by Pubco of a number of shares of Pubco Subordinate Voting Shares equal to the number of Redeemed Units to be redeemed with such Cash Settlement *provided* that USCo's Capital Account shall be increased by an amount equal to any Discount relating to such sale of shares of Pubco Subordinate Voting Shares in accordance with Section 6.06. The timely revocation of a Redemption as provided in Section 11.01(c) shall terminate all of the Company's and USCo' rights and obligations under this Section 11.02 arising from the Redemption Notice.

Section 11.03 Exchange Right of USCo.

(a) Notwithstanding anything to the contrary in this Article XI, USCo may, in its sole and absolute discretion, elect to effect on the Redemption Date the exchange of Redeemed Units for the Share Settlement or Cash Settlement, as the case may be, through a direct exchange of such Redeemed Units and such consideration between the Redeeming Member and USCo (a "***Direct Exchange***"). Upon such Direct Exchange pursuant to this Section 11.03, USCo shall acquire the Redeemed Units and shall be treated for all purposes of this Agreement as the owner of such Redeemed Units.

(b) USCo may, at any time prior to a Redemption Date, deliver written notice (an "***Exchange Election Notice***") to the Company and the Redeeming Member setting forth its election to exercise its right to consummate a Direct Exchange; *provided* that such election does not prejudice the ability of the parties to consummate a Redemption or Direct Exchange on the Redemption Date. An Exchange Election Notice may be revoked by USCo at any time; *provided* that any such revocation does not prejudice the ability of the parties to consummate a Redemption or Direct Exchange on the Redemption Date. The right to consummate a Direct Exchange in all events shall be exercisable for all the Redeemed Units that would have otherwise been subject to a Redemption. Except as otherwise provided by this Section 11.03, a Direct Exchange shall be consummated pursuant to the same timeframe and in the same manner as the relevant Redemption would have been consummated if USCo had not delivered an Exchange Election Notice.

(c) Notwithstanding the foregoing, USCo may, in its sole and absolute discretion, assign to Pubco its rights and obligations under this Section 11.03 to consummate a Direct Exchange with the Redeeming Member.

Section 11.04 Effect of Exercise of Redemption or Exchange Right. This Agreement shall continue notwithstanding the consummation of a Redemption or Direct Exchange and all governance or other rights set forth herein shall be exercised by the remaining Members and the Redeeming Member (to the extent of such Redeeming Member's remaining interest in the Company). No Redemption or Direct Exchange shall relieve such Redeeming Member of any prior breach of this Agreement.

Section 11.05 Tax Treatment. Unless otherwise required by applicable Law, the parties hereto acknowledge and agree a Redemption or a Direct Exchange, as the case may be, shall be treated as a direct exchange between USCo or Pubco, as applicable, and the Redeeming Member for U.S. federal and applicable state and local income tax purposes.

ARTICLE XII.
ADMISSION OF MEMBERS

Section 12.01 Substituted Members. Subject to the provisions of ARTICLE X hereof, in connection with the Permitted Transfer of a Company Interest hereunder, the transferee shall become a substituted Member ("***Substituted Member***") on the effective date of such Permitted Transfer, which effective date shall not be earlier than the date of compliance with the conditions to such Transfer, and such admission shall be shown on the books and records of the Company.

Section 12.02 Additional Members. Subject to the provisions of ARTICLE X hereof, any Person that is not an Original Member may be admitted to the Company as an additional Member (any such Person, an "***Additional Member***") only upon furnishing to the Manager (a) counterparts of this Agreement and any applicable Other Agreements and (b) such other documents or instruments as may be reasonably necessary or appropriate to effect such Person's admission as a Member (including entering into such documents as the Manager may deem appropriate in its reasonable discretion). Such admission shall become effective on the date on which the Manager determines in its reasonable discretion that such conditions have been satisfied and when any such admission is shown on the books and records of the Company.

ARTICLE XIII.
WITHDRAWAL AND RESIGNATION; MEMBERS' REPRESENTATIONS; TERMINATION OF RIGHTS

Section 13.01 Withdrawal and Resignation of Members. No Member shall have the power or right to withdraw or otherwise resign as a Member from the Company prior to the dissolution and winding up of the Company pursuant to ARTICLE XIV. Any Member, however, that attempts to withdraw or otherwise resign as a Member from the Company without the prior written consent of the Manager upon or following the dissolution and winding up of the Company pursuant to ARTICLE XIV, but prior to such Member receiving the full amount of Distributions from the Company to which such Member is entitled pursuant to ARTICLE XIV, shall be liable to the Company for all damages (including all lost profits and special, indirect and consequential damages) directly or indirectly caused by the withdrawal or resignation of such Member. Upon a Transfer of all of a Member's Units in a Transfer permitted by this Agreement, subject to the provisions of Section 10.06, such Member shall cease to be a Member.

Section 13.02 Required Withdrawals.

(a) Any Member ("***Subject Member***") may, in the sole discretion of the Manager, be required to fully withdraw from the Company and sell all of such Subject Member's Units to the Company if: (i) the Subject Member or an Affiliate of such Member has been convicted of a misdemeanor involving fraud, deceit or embezzlement or any felony by a court of competent jurisdiction, with respect to which conviction any further right of the Subject Member or Affiliate of such Member to appeal shall have been exhausted or expired, or (ii) the Subject Member or an Affiliate of such Member has been convicted by a court of competent jurisdiction of violating securities laws or commodities trading laws, with respect to which conviction any further right of the Subject Member or Affiliate of such Member to appeal shall have been exhausted or expired, or (iii) the Securities and Exchange Commission, Financial Industry Regulatory Authority Inc., Commodities Futures Trading Commission, National Futures Association or any other regulatory or administrative agency which oversees or regulates investment activities determines that the Subject Member or an Affiliate of such Member has violated a rule or regulation of such commission, association or agency, with respect to which conviction any further right of the Subject Member or Affiliate of such Member to appeal shall have been exhausted or expired.

(b) Without limiting Section 13.02(a), in the event that any Member ("***Indicted/Investigated Member***") or an Affiliate of such Member has been indicted for any of the offenses or violations listed in clauses (i) or (ii) of Section 13.02(a), or is subject to an investigation by a regulatory agency of the type listed in clause (iii) of Section 13.02(a) regarding violation of a rule or regulation: (x) such Indicted/Investigated Member will be required to withdraw from the Company and sell all of such Member's Units to the Company, if so requested to withdraw by the determination of the Manager in its sole discretion, or (y) the Manager may propose such other sanction or arrangement, to be agreed upon by the Indicted/Investigated Member or Affiliate of such Member, regarding the relationship between the Company and the Indicted/Investigated Member or Affiliate of such Member.

(c) Members ' Representations.

(i) Each Member represents, warrants and covenants that (which representation, warranty and covenant shall be in addition to and not in lieu of any other representation, warranty and covenant given by such Member to the Company in any other agreement between such Member and the Company):

1. such Member has all requisite power and authority to enter into this Agreement and perform such Member's obligations hereunder;

2. (A) this Agreement has been duly and validly executed and delivered by such Member and is enforceable against it, in accordance with its terms, and (B) the performance of such Member's obligations hereunder shall not conflict or result in the violation of, any agreement, lease, instrument, license, permit or other authorization applicable to such Member;

3. such Member acknowledges that its Units are subject to transfer restrictions and consents that stop transfer instructions in respect of the Units may be issued to any transfer agent, transfer clerk or other agent at any time acting for the Company;

4. such Member acknowledges that purchase of the Units may involve tax consequences. The Member confirms that he or she is not relying on any statements or representations of the Company or any of its agents or legal counsel with respect to the tax and other economic considerations of an investment in the Interests and acknowledges that the Member must retain his or her own professional advisors to evaluate the federal, state and local tax and other economic considerations of an investment in the Interests. The Member also acknowledges that he or she is solely responsible for any of his or her own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement;

5. such Member acknowledges that the Company will review the representations, warranties and covenants contained in this Agreement without making any independent investigation, and that the representations, warranties and agreements made by the Member shall survive the execution and delivery of this Agreement and the purchase of the Units;

6. such Member hereby represents that, except as expressly set forth in this Agreement, no representations or warranties have been made to the Member by the Company or any agent, employee or Affiliate of the Company, and in entering into this transaction, the Peron is not relying on any information other than that which is the result of independent diligence; and

7. such Member acknowledges the risks associated with his, her, or its investment in the Company, especially as it pertains to the risks related to the cannabis and marijuana industry including, but not limited to: increased competition, illegality under federal law, new and evolving industry, changing laws, etc.

(ii) All of the foregoing representations and warranties and the foregoing indemnity shall survive the withdrawal of any Person and the termination of this Agreement.

(d) If (i) any of the representations given in (A) Section 13.02(c) or (B) any other agreement with the Company, by a Member ("***Misrepresenting Member***") or an Affiliate of such Member is materially false or ceases to be true in a respect which is, in the reasonable opinion of the Manager, materially adverse to the Company or the other Members, (ii) a Member ("***Breaching Member***") or an Affiliate of such Member has breached its agreements or obligations hereunder or thereunder and the consequences of such breach are, in the reasonable opinion of the Manager, materially adverse to the Company or the other Members, or (iii) the continued participation of any Member ("***Regulatory Adverse Member***") or an Affiliate of such Member in or with the Company or any Subsidiary or Affiliate of the Company would, in the Manager's reasonable opinion, cause undue risk of adverse tax, regulatory or other consequences to the Company or any Affiliate of the Company or would be materially detrimental to the business, operations or commercial reputation of the Company or any Subsidiary or Affiliate of the Company, the Manager may, upon written notice to the Misrepresenting Member, Breaching Member or Regulatory Adverse Member, as applicable, require such Misrepresenting Member, Breaching Member or Regulatory Adverse Member to fully withdraw from the Company and sell all of such Member's Units to the Company (irrespective of whether the subject misrepresentation, breach or regulatory consequence involves such Member or an Affiliate of such Member).

(e) A Member who is required to withdraw from the Company pursuant to this Section 13.02 (a "***Required Withdrawal***") shall be entitled to receive, in exchange for all of such Member's outstanding Units, the fair market value of such Units, as determined by the Manager, in its sole discretion. The foregoing purchase price shall be paid, at the sole option of the Manager, in either (i) one lump sum cash payment or (ii) by the delivery of the Company to such Member of an unsecured promissory note, in form prescribed by the Company, providing for the payment of such purchase price in three equal annual installments, together with accrued and unpaid interest at the Applicable Federal Rate, with the first of such installments beginning on the closing of such repurchase by the Company (except that the Company may, in the sole discretion of the Manager, prepay such installments at any time without premium or penalty), which closing shall be at a time and place as selected by the Manager and communicated to such Member.

(f) Notwithstanding the foregoing, or anything in any other agreement between a Member and the Company to the contrary, a Class C-1 Member subject to a Required Withdrawal shall immediately forfeit his or her Class C-1 Units.

(g) A Member subject to a Required Withdrawal shall execute all documents in connection with his, her or its withdrawal from the Company as the Manager shall reasonably require.

ARTICLE XIV.
DISSOLUTION AND LIQUIDATION

Section 14.01 Dissolution. The Company shall not be dissolved by the admission of Additional Members or Substituted Members or the attempted withdrawal or resignation of a Member. The Company shall dissolve, and its affairs shall be wound up, upon:

(a) the decision of the Manager together with the holders of a majority of the then-outstanding Common Units entitled to vote to dissolve the Company;

(b) a dissolution of the Company under the Act; or

(c) the entry of a decree of judicial dissolution of the Company under the Act.

Except as otherwise set forth in this ARTICLE XIV, the Company is intended to have perpetual existence. An Event of Withdrawal shall not cause a dissolution of the Company and the Company shall continue in existence subject to the terms and conditions of this Agreement.

Section 14.02 Liquidation and Termination. On dissolution of the Company, the Manager shall act as liquidator or may appoint one or more Persons as liquidator. The liquidators shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidators shall continue to operate the Company properties with all of the power and authority of the Manager. The steps to be accomplished by the liquidators are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the liquidators shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the liquidators shall cause the notice described in the Act to be mailed to each known creditor of and claimant against the Company in the manner described thereunder;

(c) the liquidators shall pay, satisfy or discharge from Company funds, or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash fund for contingent liabilities in such amount and for such term as the liquidators may reasonably determine): first, all expenses incurred in liquidation; and second, all of the debts, liabilities and obligations of the Company;

(d) all remaining assets of the Company shall be distributed to the Members in accordance with ARTICLE IV by the end of the Taxable Year during which the liquidation of the Company occurs (or, if later, by ninety (90) days after the date of the liquidation). The distribution of cash and/or property to the Members in accordance with the provisions of this Section 14.02 and Section 14.03 below constitutes a complete return to the Members of their Capital Contributions and a complete distribution to the Members of their interest in the Company and all the Company's property. To the extent that a Member returns funds to the Company, such returning Member has no claim against any other Member for those funds; and

(e) For the avoidance of doubt, holders of Class C-1 Units shall only share in distributions with respect to such Class C-1 Units under this Section 14.02 after the sum of aggregate prior distributions pursuant to this Section 14.02 with respect to Units that were outstanding immediately prior to the issuance of such Class C-1 Units equal the Threshold Amount determined with respect to that Class or series of Class C-1 Units adjusted for redemptions, if any, of Units outstanding immediately prior to the issuance of such Class C-1 Units.

Section 14.03 Deferment; Distribution in Kind. Notwithstanding the provisions of Section 14.02, but subject to the order of priorities set forth therein, if upon dissolution of the Company the liquidators determine that an immediate sale of part or all of the Company's assets would be impractical or would cause undue loss(or would otherwise not be beneficial) to the Members, the liquidators may, in their sole discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy Company liabilities (other than loans to the Company by Members) and reserves. Subject to the order of priorities set forth in Section 14.02, the liquidators may, in their sole discretion, distribute to the Members, in lieu of cash, either (a) all or any portion of such remaining Company assets in-kind in accordance with the provisions of Section 14.02(d), (b) as tenants in common and in accordance with the provisions of Section 14.02(d), undivided interests in all or any portion of such Company assets or (c) a combination of the foregoing. Any such Distributions in kind shall be subject to (y) such conditions relating to the disposition and management of such assets as the liquidators deem reasonable and equitable and (z) the terms and conditions of any agreements governing such assets (or the operation thereof or the holders thereof) at such time. Any Company assets distributed in kind will first be written up or down to their Fair Market Value, thus creating Profit or Loss (if any), which shall be allocated in accordance with ARTICLE V. The liquidators shall determine the Fair Market Value of any property distributed in accordance with the valuation procedures set forth in ARTICLE XV.

Section 14.04 Cancellation of Certificate. On completion of the distribution of Company assets as provided herein, the Company is terminated (and the Company shall not be terminated prior to such time), and the Manager (or such other Person or Persons as the Act may require or permit) shall file a certificate of cancellation with the Secretary of State of Delaware, cancel any other filings made pursuant to this Agreement that are or should be canceled and take such other actions as may be necessary to terminate the Company. The Company shall be deemed to continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 14.04.

Section 14.05 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Sections 14.2 and 14.03 in order to minimize any losses otherwise attendant upon such winding up.

Section 14.06 Return of Capital. The liquidators shall not be personally liable for the return of Capital Contributions or any portion thereof to the Members (it being understood that any such return shall be made solely from Company assets).

ARTICLE XV.
VALUATION

Section 15.01 Determination. "***Fair Market Value***" of a specific Company asset will mean the amount which the Company would receive in an all-cash sale of such asset in an arms-length transaction with a willing unaffiliated third party, with neither party having any compulsion to buy or sell, consummated on the day immediately preceding the date on which the event occurred which necessitated the determination of the Fair Market Value (and after giving effect to any transfer taxes payable in connection with such sale), as such amount is determined by the Manager (or, if pursuant to Section 14.02, the liquidators) in its good faith judgment using all factors, information and data it deems to be pertinent.

Section 15.02 Dispute Resolution. If any Member or Members dispute the accuracy of any determination of Fair Market Value in accordance with Section 15.01, and the Manager and such Member(s) are unable to agree on the determination of the Fair Market Value of any asset of the Company, the Manager and such Member(s) shall each select a nationally recognized investment banking firm experienced in valuing securities of closely-held companies such as the Company in the Company's industry (the "***Appraisers***"), who shall each determine the Fair Market Value of the asset or the Company (as applicable) in accordance with the provisions of Section 15.01. The Appraisers shall be instructed to give written notice of their determination of the Fair Market Value of the asset or the Company (as applicable) within thirty (30) days of their appointment as Appraisers. If Fair Market Value as determined by an Appraiser is higher than Fair Market Value as determined by the other Appraiser by 10% or more, and the Manager and such Member(s) do not otherwise agree on a Fair Market Value, the original Appraisers shall designate a third Appraiser meeting the same criteria used to select the original two. If Fair Market Value as determined by an Appraiser is within 10% of the Fair Market Value as determined by the other Appraiser (but not identical), and the Manager and such Member(s) do not otherwise agree on a Fair Market Value, the Manager shall select the Fair Market Value of one of the Appraisers. The fees and expenses of the Appraisers shall be borne by the Company; *provided*, however, that if the Fair Market Value as determined through the appraisal method in this Section 15.02, is within 10% of the Fair Market Value originally determined by the Company under Section 15.01, the Member(s) electing to exercise their rights under this Section 15.02 shall bear all of the fees and expenses of the Appraisers.

ARTICLE XVI.
GENERAL PROVISIONS

Section 16.01 Power of Attorney.

(a) Each Member who is an individual hereby constitutes and appoints the Manager (or the liquidator, if applicable) with full power of substitution, as his or her true and lawful agent and attorney-in-fact, with full power and authority in his, her or its name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) this Agreement, all certificates and other instruments and all amendments thereof which the Manager deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited-liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (B) all instruments which the Manager deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (C) all conveyances and other instruments or documents which the Manager deems appropriate or necessary to reflect the dissolution and liquidation of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; and (D) all instruments relating to the admission, withdrawal or substitution of any Member pursuant to ARTICLE XII or ARTICLE XIII; and

(ii) sign, execute, swear to and acknowledge all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the reasonable judgment of the Manager, to evidence, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Members hereunder or is consistent with the terms of this Agreement, in the reasonable judgment of the Manager, necessary or appropriate to effectuate the terms of this Agreement.

(b) The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member who is an individual and the transfer of all or any portion of his, her or its Company Interest and shall extend to such Member's heirs, successors, assigns and personal representatives.

Section 16.02 Confidentiality. The Manager and each of the Members agree to hold the Company's Confidential Information in confidence and may not use such information except (i) in furtherance of the business of the Company, (ii) as reasonably necessary for compliance with applicable law, including compliance with disclosure requirements under the Securities Act and the Exchange Act, and securities laws of other jurisdictions, or (iii) as otherwise authorized separately in writing by the Manager. "***Confidential Information***" as used herein includes, but is not limited to, ideas, financial product structuring, business strategies, innovations and materials, all aspects of the Company's business plan, proposed operation and products, corporate structure, financial and organizational information, analyses, proposed partners, software code and system and product designs, employees and their identities, equity ownership, the methods and means by which the Company plans to conduct its business, all trade secrets, trademarks, tradenames and all intellectual property associated with the Company's business. With respect to the Manager and each Member, Confidential Information does not include information or material that: (a) is rightfully in the possession of the Manager or each Member at the time of disclosure by the Company; (b) before or after it has been disclosed to the Manager or each Member by the Company, becomes part of public knowledge, not as a result of any action or inaction of the Manager or such Member, respectively, in violation of this Agreement; (c) is approved for release by written authorization of the Chief Executive Officer, or officer of equivalent position, of the Company, of USCo, or of USCo2; (d) is disclosed to the Manager or such Member or their representatives by a third party not, to the knowledge of the Manager or such Member, respectively, in violation of any obligation of confidentiality owed to the Company with respect to such information; or (e) is or becomes independently developed by the Manager or such Member or their respective representatives without use or reference to the Confidential Information.

Section 16.03 Amendments. This Agreement may be amended or modified (a) by the Manager, as provided in Section 3.10 of this Agreement or (b) upon the consent of the Manager and Members holding a majority of the Common Units outstanding. Notwithstanding the foregoing, no amendment or modification (x) to this Section 16.03 may be made without the prior written consent of the Manager and Members holding a majority of the Common Units outstanding, and (y) to any of the terms and conditions of this Agreement which terms and conditions expressly require the approval or action of certain Persons may be made without obtaining the consent of the requisite number or specified percentage of such Persons who are entitled to approve or take action on such matter.

Section 16.04 Title to Company Assets. Company assets shall be deemed to be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such Company assets or any portion thereof. The Company shall hold title to all of its property in the name of the Company and not in the name of any Member. All Company assets shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such Company assets is held. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for, or in payment of, any individual obligation of any Member.

Section 16.05 Addresses and Notices. Any notice provided for in this Agreement will be in writing and will be either personally delivered, or received by electronic mail or certified mail, return receipt requested, sent by reputable overnight courier service (charges prepaid) to the Company or sent by email at the address set forth below and to any other recipient and to any Member at such address as indicated by the Company's records, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally, three (3) days after deposit in the U.S. mail and one (1) day after deposit with a reputable overnight courier service or transmission via e-mail (*provided* confirmation of transmission is received). The Company's address is:

to the Company:

High Street Capital Partners, LLC, d/b/a Acreage Holdings
366 Madison Avenue, 11th Floor
New York, New York 10017
Attn: James A. Doherty
Email: j.doherty@acreageholdings.com

with a copy (which copy shall not constitute notice) to:

Cozen O'Connor
1650 Market Street, Suite 2800
Philadelphia, Pennsylvania 19103
Attn: Joseph C. Bedwick

Email: jbedwick@cozen.com

and

DLA Piper (Canada) LLP
Suite 6000, 100 King St. W
Toronto, Ontario M5X 1E2
Attn: Robert Fonn
E-mail: robert.fonn@dlapiper.com

and

Dorsey & Whitney LLP
TD Canada Trust Tower
Brookfield Place 161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Attn: Richard Raymer
E-mail: raymer.richard@dorsey.com

Section 16.06 Binding Effect; Intended Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 16.07 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire at any time as a result of making the loan any direct or indirect interest in Company Profits, Losses, Distributions, capital or property, other than as a secured creditor.

Section 16.08 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 16.09 Counterparts. This Agreement may be executed in separate counterparts, each of which will be an original and all of which together shall constitute one and the same agreement binding on all the parties hereto.

Section 16.10 Applicable Law. All matters relating to the interpretation, construction, validity and enforcement of this Agreement and all questions arising out of or concerning either the organization of, or the investment in, the Company, or this Agreement, or the rights, duties, and responsibilities of the Company or any Member, including claims alleging fraud, misrepresentation, or similar torts, will be governed by the internal laws of the state of Delaware, without giving effect to any choice of law provisions. Any conflict or apparent conflict between this Agreement and the Act will be resolved in favor of this Agreement, except as otherwise specifically required by the Act. Any dispute relating hereto shall be heard in the state or federal courts of the State of Delaware, and the parties agree to jurisdiction and venue therein.

Section 16.12 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 16.13 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking such actions as may be reasonably necessary or appropriate to achieve the purposes of this Agreement.

Section 16.14 Delivery by Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of an electronic transmission, including by a facsimile machine or via email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of electronic transmission by a facsimile machine or via email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through such electronic transmission as a defense to the formation of a contract and each such party forever waives any such defense.

Section 16.15 Right of Offset. Whenever the Company is to pay any sum (other than pursuant to Article IV) to any Member, any amounts that such Member owes to the Company which are not the subject of a good faith dispute may be deducted from that sum before payment. For the avoidance of doubt, the distribution of Units to USCo or USCo2 shall not be subject to this Section 16.14.

Section 16.16 Effectiveness. This Agreement shall be effective immediately after the time at which the Common Unit Contribution became effective and USCo 2 was admitted as a Member of the Company (the "***Effective Time***"). The Prior Operating Agreement shall govern the rights and obligations of the Company and the other parties to this Agreement in their capacity as Unitholders prior to the Effective Time.

Section 16.17 Entire Agreement. This Agreement, those documents expressly referred to herein (including the Support Agreement and the Tax Receivable Agreement), any indemnity agreements entered into in connection with the Prior Operating Agreement with the Manager at that time and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. For the avoidance of doubt, the Prior Operating Agreement is superseded by this Agreement as of the Effective Time and shall be of no further force and effect thereafter.

Section 16.18 Remedies. Each Member shall have all rights and remedies set forth in this Agreement and all rights and remedies which such Person has been granted at any time under any other agreement or contract and all of the rights which such Person has under any Law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by Law.

Section 16.19 Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The use of the word "including" in this Agreement shall be by way of example rather than by limitation and shall mean, "including, without limitation". Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Without limiting the generality of the immediately preceding sentence, no amendment or other modification to any agreement, document or instrument that requires the consent of any Person pursuant to the terms of this Agreement or any other agreement will be given effect hereunder unless such Person has consented in writing to such amendment or modification. Wherever required by the context, references to a Fiscal Year shall refer to a portion thereof. The use of the words "or," "either" and "any" shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict.

[*Remainder of page intentionally left blank*]

The undersigned hereby agree(s) to be bound by all of the terms and provisions of the Third Amended and Restated Operating Agreement of High Street Capital Partners, LLC, d/b/a Acreage Holdings as of the date first set forth above.

MANAGER:

ACREAGE HOLDINGS AMERICA, INC.

/s/ Kevin Murphy
By: Kevin Murphy
Its: Chief Executive Officer

MEMBERS:

ACREAGE HOLDINGS WC, INC.

/s/ Kevin Murphy
By: Kevin Murphy
Its: President

KEVIN MURPHY

/s/ Kevin Murphy

MELVIN YELLIN

/s/ Melvin Yellin

DEVIN BINFORD

/s/ Devin Binford

GEORGE ALLEN

/s/ George Allen

GLEN LEIBOWITZ

/s/ Glen Leibowitz

JAMES DOHERTY

/s/ James Doherty

ROBERT DAINO

/s/ Robert Daino

HARRIS DAMASHEK

/s/ Harris Damashek

CHRIS TOLFORD

/s/ Chris Tolford

WILLIAM WELD

/s/ William Weld

JOHN BOEHNER

/s/ John Boehner

FORM OF JOINDER AGREEMENT

Exhibit A

This JOINDER AGREEMENT, dated as of _____, 20__ (this "Joinder"), is delivered pursuant to that certain Third Amended and Restated Limited Liability Company Agreement, dated as of [•], 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "LLC Agreement") by and among High Street Capital Partners, LLC, d/b/a Acreage Holdings, a Delaware limited- liability company (the "Company"), Acreage Holdings America, Inc., a Nevada corporation and the manager of the Company (the "Manager"), and each of the Members from time to time party thereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in the LLC Agreement.

1. Joinder to the LLC Agreement. Upon the execution of this Joinder by the undersigned and delivery hereof to the Manager, the undersigned hereby is and hereafter will be a Member under the LLC Agreement and a party thereto, with all the rights, privileges and responsibilities of a Member thereunder. The undersigned hereby agrees that it shall comply with and be fully bound by the terms of the LLC Agreement as if it had been a signatory thereto as of the date thereof.

2. Incorporation by Reference. All terms and conditions of the LLC Agreement are hereby incorporated by reference in this Joinder as if set forth herein in full.

3. Address. All notices under the Operating Agreement to the undersigned shall be directed to:

[Name]
[Address]
[City, State, Zip Code]
Attn:
Facsimile: E-mail:

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Joinder as of the day and year first above written.

[NAME OF NEW MEMBER]

By: _____
Name:
Title:

Acknowledged and agreed
as of the date first set forth above:

HIGH STREET CAPITAL PARTNERS, LLC, D/B/A ACREAGE HOLDINGS
By: Acreage Holdings America, Inc., its Manager

By: _____
Name:
Title:

Exhibit 99.43

TAX RECEIVABLE AGREEMENT

by and among

ACREAGE HOLDINGS AMERICA, INC.,

HIGH STREET CAPITAL PARTNERS, LLC, and

THE MEMBERS OF HIGH STREET CAPITAL PARTNERS, LLC

FROM TIME TO TIME PARTY HERETO

Dated as of November 14, 2018

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TAX RECEIVABLE AGREEMENT

This TAX RECEIVABLE AGREEMENT (this "Agreement"), dated as of November 14, 2018, is hereby entered into by and among Acreage Holdings America, Inc., a Nevada corporation (the "U.S. Corporation"), High Street Capital Partners, LLC, a Delaware limited liability company (the "U.S. LLC") and each of the Members from time to time party hereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in Section 1.1.

RECITALS

WHEREAS, the U.S. LLC is classified as a partnership for U.S. federal income tax purposes;

WHEREAS, each of the members of the U.S. LLC as of the date hereof other than U.S. Corporation and Acreage Holdings WC, Inc., a Nevada corporation ("Nevada Corporation") (such members, together with each other Person who becomes party hereto by satisfying the Joinder Requirement, the "Members") owns Common Units in the U.S. LLC (the "Common Units") or Class C-1 Units in the U.S. LLC (the "Class C-1 Units", and collectively, the "Units");

WHEREAS, U.S. Corporation is the sole manager of the U.S. LLC;

WHEREAS, on or prior to the date hereof, Acreage Holdings, Inc., a corporation continued under the laws of the Province of British Columbia, Canada ("Pubco"), subscribed for stock of U.S. Corporation and therefore became an indirect member of the U.S. LLC;

WHEREAS, it is anticipated that at the effective time of this Agreement (or as soon as practicable thereafter), shares of Pubco's newly designated subordinate voting shares ("Pubco Shares") shall have been approved for listing on the Canadian Securities Exchange (the "Public Listing");

WHEREAS, on and after the date hereof, pursuant to and in accordance with the terms and restrictions of the LLC Agreement, each Member has the right, in its sole discretion, from time to time to have all or a portion its Common Units redeemed by the U.S. LLC for, at U.S. Corporation's election, cash or shares of the Pubco (a "Redemption"); *provided* that, pursuant to the LLC Agreement, U.S. Corporation may effect Redemptions using cash or Pubco Shares for such Common Units directly (a "Direct Exchange"), and may also assign its rights and obligations with respect to Direct Exchanges to Pubco such that Pubco may effect Redemptions using cash or shares of Pubco for such Common Units (a "Pubco Direct Exchange");

WHEREAS, the U.S. LLC will have in effect an election under Section 754 of the Code, as provided under Section 9.02 of the LLC Agreement and Section 2.1(b) hereof, for the Taxable Year in which any Exchange occurs, which election will result in an adjustment to U.S. Corporation's share of the tax basis of the assets owned by the U.S. LLC and its relevant subsidiaries (including any subsidiaries that are classified as partnerships for U.S. federal income tax purposes and have made an election under Section 754 of the Code) (the U.S. LLC and its relevant subsidiaries, the "U.S. LLC Group"), as of the date of the Exchange, with a consequent result on the taxable income subsequently derived therefrom; and

WHEREAS, the parties to this Agreement desire to provide for certain payments and make certain arrangements with respect to any tax benefits to be derived by U.S. Corporation as the result of Exchanges and making payments under this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both (i) the singular and plural and (ii) the active and passive forms of the terms defined).

"10% Member" is defined in Section 6.1 of this Agreement.

"Actual Interest Amount" is defined in Section 3.1(b)(vii) of this Agreement.

"Actual Tax Liability" means, with respect to any Taxable Year, the liability for Covered Taxes of U.S. Corporation (a) appearing on Tax Returns of U.S. Corporation for such Taxable Year and (b) if applicable, determined in accordance with a Determination (including interest imposed in respect thereof under applicable law).

"Advisory Firm" means an accounting firm that is internationally recognized as being expert in Covered Tax matters, selected by U.S. Corporation.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

"Agreed Rate" means LIBOR plus 100 basis points.

"Agreement" is defined in the preamble.

"Amended Schedule" is defined in Section 2.4(b) of this Agreement.

"Attributable" is defined in Section 3.1(b)(i) of this Agreement.

"Basis Adjustment" means the increase or decrease to, or U.S. Corporation's share of, the tax basis of the Reference Assets (i) under Section 734(b), 743(b), 754 and 755 of the Code and, in each case, the comparable sections of U.S. state and local tax law (in situations where, following an Exchange, the U.S. LLC remains in existence as an entity for tax purposes) and (ii) under Sections 732 and 1012 of the Code and, in each case, the comparable sections of U.S. state and local tax law (in situations where, as a result of one or more Exchanges, the U.S. LLC becomes an entity that is disregarded as separate from its owner for tax purposes), in each case, as a result of any Exchange and any payments made under this Agreement. Notwithstanding any other provision of this Agreement, the amount of any Basis Adjustment resulting from an Exchange of one or more Common Units shall be determined without regard to any Pre-Exchange Transfer of such Common Units and as if any such Pre-Exchange Transfer had not occurred.

"Basis Schedule" is defined in Section 2.2 of this Agreement.

"Beneficial Owner" means, with respect to any security, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, with respect to such security and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security.

"Board" means the Board of Directors of Pubco.

"Business Day" means any day other than a Saturday or a Sunday or a day on which the principal securities exchange on which Pubco are traded or quoted is closed or banks located in Toronto, Canada or New York, New York generally are authorized or required by law to close.

"Change of Control" means the occurrence of any of the following events:

(1) any "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Exchange Act (excluding any "person" or "group" who, on the effective date of the Public Listing, is the Beneficial Owner of securities of Pubco representing more than fifty percent (50%) of the combined voting power of Pubco's then outstanding voting securities)) becomes the Beneficial Owner of securities of Pubco representing more than fifty percent (50%) of the combined voting power of Pubco's then outstanding voting securities;

(2) the shareholders of Pubco approve a plan of complete liquidation or dissolution of Pubco or there is consummated an agreement or series of related agreements for the sale or other disposition, directly, or indirectly, by Pubco of all or substantially all of Pubco's assets (including a sale of assets of U.S. Corporation or the U.S. LLC), other than such sale or other disposition by Pubco of all or substantially all of Pubco's assets to an entity at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by shareholders of Pubco in substantially the same proportions as their ownership of Pubco immediately prior to such sale;

(3) there is consummated a merger or consolidation of Pubco or any direct or indirect subsidiary of Pubco (including the U.S. LLC) with any other Pubco or other entity, and, immediately after the consummation of such merger or consolidation, either (x) the Board immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the U.S. LLC surviving the merger or, if the surviving U.S. LLC is a subsidiary, the ultimate Pubco thereof, or (y) all of the Persons who were the respective Beneficial Owners of the voting securities of Pubco immediately prior to such merger or consolidation do not Beneficially Own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation; or

(4) the following individuals cease for any reason to constitute a majority of the number of directors of Pubco then serving: individuals who were directors of Pubco on the effective date of the Public Listing and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Pubco) whose appointment or election by the board of directors of Pubco or nomination for election by Pubco's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors of Pubco on the effective date of the Public Listing or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause 4.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of Pubco Shares immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in and voting control over, and own substantially all of the shares of, an entity which owns all or substantially all of the assets of Pubco immediately following such transaction or series of transactions.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Common Units" is defined in the recitals to this Agreement.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Covered Taxes" means any and all U.S. federal, state, local and foreign taxes, assessments or similar charges that are based on or measured with respect to net income or profits, whether as an exclusive or an alternative basis (including for the avoidance of doubt, franchise taxes), and any interest imposed in respect thereof under applicable law.

"Cumulative Net Realized Tax Benefit" is defined in Section 3.1(b)(iii) of this Agreement.

"Default Rate" means LIBOR plus 500 basis points.

"Default Rate Interest" is defined in Section 3.1(b)(ix) of this Agreement.

"Determination" shall have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of U.S. state, local or non-U.S. tax law, as applicable, or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for tax.

"Direct Exchange" is defined in the recitals to this Agreement.

"Dispute" is defined in Section 7.8(a) of this Agreement.

"Early Termination Effective Date" means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

"Early Termination Notice" is defined in Section 4.2 of this Agreement.

"Early Termination Payment" is defined in Section 4.3(b) of this Agreement.

"Early Termination Rate" means the Agreed Rate.

"Early Termination Reference Date" is defined in Section 4.2 of this Agreement.

"Early Termination Schedule" is defined in Section 4.2 of this Agreement.

"Exchange" means any (i) Pubco Direct Exchange, (ii) Direct Exchange, (iii) Redemption or (iv) any transaction between U.S. Corporation and the U.S. LLC that in any case results in an adjustment under Section 743(b) of the Code with respect to the U.S. LLC Group.

"Exchange Act" means the Securities and Exchange Act of 1934, as amended, or any successor provisions thereto.

"Exchange Date" means the date of any Exchange.

"Expert" is defined in Section 7.9 of this Agreement.

"Extension Rate Interest" is defined in Section 3.1(b)(viii) of this Agreement.

"Final Payment Date" means any date on which a payment is required to be made pursuant to this Agreement. For the avoidance of doubt, the Final Payment Date in respect of a Tax Benefit Payment is determined pursuant to Section 3.1(a) of this Agreement.

"Hypothetical Tax Liability" means, with respect to any Taxable Year, the hypothetical liability of U.S. Corporation that would arise in respect of Covered Taxes, using the same methods, elections, conventions and similar practices used on the actual relevant Tax Returns of U.S. Corporation but (i) calculating depreciation, amortization, or other similar deductions, or otherwise calculating any items of income, gain, or loss, using U.S. Corporation's share of the Non-Adjusted Tax Basis as reflected on the Basis Schedule, including amendments thereto for such Taxable Year and (ii) excluding any deduction attributable to Imputed Interest for such Taxable Year. For the avoidance of doubt, the Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any tax item (or portions thereof) that is attributable to any of the items described in clauses (i) and (ii) of the previous sentence.

"Imputed Interest" is defined in Section 3.1(b)(vi) of this Agreement.

"IRS" means the U.S. Internal Revenue Service.

"Joinder" means a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement.

"Joinder Requirement" is defined in Section 7.6(a) of this Agreement.

"LIBOR" means during any period, an interest rate per annum equal to the one-year LIBOR rate reported, on the date two (2) calendar days prior to the first day of such period, on the Telerate Page 3750 (or if such screen shall cease to be publicly available, as reported on Reuters Screen page "LIBOR01" or by any other publicly available source of such market rate) for London interbank offered rates for United States dollar deposits for such period.

"LLC Agreement" means that certain LLC Agreement of the U.S. LLC, dated as of the date hereof, as such agreement may be further amended, restated, supplemented and/or otherwise modified from time to time.

"Market Value" shall mean the Common Unit Redemption Price, as defined in the LLC Agreement.

"Member Advisory Firm" means an accounting firm that is nationally recognized as being expert in Covered Tax matters, selected by the applicable Member; provided that such accounting firm shall be different from the accounting firm serving as the Advisory Firm.

"Members" is defined in the recitals to this Agreement.

"Net Tax Benefit" is defined in Section 3.1(b)(ii) of this Agreement.

"Non-Adjusted Tax Basis" means, with respect to any Reference Asset at any time, the tax basis that such asset would have had at such time if no Basis Adjustments had been made.

"Objection Notice" is defined in Section 2.4(a)(i) of this Agreement.

"Parties" means the parties named on the signature pages to this agreement and each additional party that satisfies the Joinder Requirement, in each case with their respective successors and assigns.

"Person" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

"Pre-Exchange Transfer" means any transfer of one or more Common Units (including upon the death of a Member or upon the issuance of Common Units resulting from the exercise of an option to acquire such Common Units) (i) that occurs after the Public Listing but prior to an Exchange of such Common Units and (ii) to which Section 743(b) of the Code applies.

"Pubco" is defined in the preamble to this Agreement.

"Pubco Direct Exchange" is defined in the recitals to this Agreement.

"Pubco Shares" is defined in the recitals to this Agreement.

"Public Listing" is defined in the recitals to this Agreement.

"Realized Tax Benefit" is defined in Section 3.1(b)(iv) of this Agreement.

"Realized Tax Detriment" is defined in Section 3.1(b)(v) of this Agreement.

"Reconciliation Dispute" is defined in Section 7.9 of this Agreement.

"Reconciliation Procedures" is defined in Section 2.4(a) of this Agreement.

"Redemption" has the meaning in the recitals to this Agreement.

"Reference Asset" means any asset of the U.S. LLC or any of its successors or assigns, and whether held directly by the U.S. LLC or indirectly by the U.S. LLC through a member of the U.S. LLC Group, at the time of an Exchange. A Reference Asset also includes any asset the tax basis of which is determined, in whole or in part, by reference to the tax basis of an asset that is described in the preceding sentence, including "substituted basis property" within the meaning of Section 7701(a)(42) of the Code.

"Schedule" means any of the following: (i) a Basis Schedule, (ii) a Tax Benefit Schedule, or (iii) the Early Termination Schedule, and, in each case, any amendments thereto.

"Senior Obligations" is defined in Section 5.1 of this Agreement.

"Subsidiary" means, with respect to any Person and as of any determination date, any other Person as to which such first Person (i) owns, directly or indirectly, or otherwise controls, more than 50% of the voting power or other similar interests of such other Person or (ii) is the sole general partner interest, or managing member or similar interest, of such Person.

"Subsidiary Stock" means any stock or other equity interest in any subsidiary entity of U.S. Corporation that is treated as a corporation for U.S. federal income tax purposes.

"Supermajority Member Approval" means written approval by Members whose rights under this Agreement are attributable to at least seventy percent (70%) of the Common Units outstanding (and not held by U.S. Corporation or Nevada Corporation) immediately after the effective date of the Public Listing (as appropriately adjusted for any subsequent changes to the number of outstanding Units). For purposes of this definition, a Member's rights under this Agreement shall be attributed to Common Units as of the time of a determination of Supermajority Member Approval. For the avoidance of doubt, (i) an Exchanged Unit shall be attributed only to the Member entitled to receive Tax Benefit Payments with respect to such Exchanged (or converted) Unit (i.e., the Exchangor or the assignee of its rights hereunder) and (ii) an outstanding Unit that has not yet been Exchanged (or converted) shall be attributed only to the Member entitled to receive Tax Benefit Payments upon the Exchange (or conversion) of such Unit (i.e., the Member or the assignee of its rights hereunder).

"Tax Benefit Payment" is defined in Section 3.1(b) of this Agreement.

"Tax Benefit Schedule" is defined in Section 2.3(a) of this Agreement.

"Tax Return" means any return, declaration, report or similar statement required to be filed with respect to taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated tax.

"Taxable Year" means a taxable year of U.S. Corporation as defined in Section 441(b) of the Code or comparable section of U.S. state or local tax law, as applicable (and, therefore, for the avoidance of doubt, may include a period of less than 12 months for which a Tax Return is made), ending on or after the effective date of the Public Listing.

"Taxing Authority" shall mean any national, federal, state, county, municipal, or local government, or any subdivision, agency, commission or authority thereof, or any quasi-governmental body, or any other authority of any kind, exercising regulatory or other authority in relation to tax matters.

"Termination Objection Notice" is defined in Section 4.2 of this Agreement.

"Treasury Regulations" means the final, temporary, and (to the extent they can be relied upon) proposed regulations under the Code, as promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

"U.S." means the United States of America.

"U.S. Corporation" is defined in the preamble to this Agreement.

"U.S. Corporation Letter" means a letter prepared by U.S. Corporation in connection with the performance of its obligations under this Agreement, which states that the relevant Schedules, notices or other information to be provided by U.S. Corporation to the Members, along with all supporting schedules and work papers, were prepared in a manner that is consistent with the terms of this Agreement and, to the extent not expressly provided in this Agreement, on a reasonable basis in light of the facts and law in existence on the date such Schedules, notices or other information were delivered by U.S. Corporation to the Members.

"U.S. LLC" is defined in the recitals to this Agreement.

"U.S. LLC Group" is defined in the recitals to this Agreement.

"Units" is defined in the recitals to this Agreement.

"Valuation Assumptions" shall mean, as of an Early Termination Effective Date, the assumptions that:

(1) in each Taxable Year ending on or after such Early Termination Effective Date, U.S. Corporation will have taxable income sufficient to fully use the deductions arising from the Basis Adjustments and the Imputed Interest during such Taxable Year or future Taxable Years (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from future Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions) in which such deductions would become available;

(2) the U.S. federal, state and local income tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Effective Date, except to the extent any change to such tax rates for such Taxable Year have already been enacted into law;

(3) all taxable income of U.S. Corporation will be subject to the maximum applicable tax rates for each Covered Tax throughout the relevant period;

(4) any loss carryovers or carrybacks generated by any Basis Adjustment or Imputed Interest (including such Basis Adjustment and Imputed Interest generated as a result of payments under this Agreement) and available as of the date of the Early Termination Schedule will be used by U.S. Corporation ratably in each Taxable Year from the date of the Early Termination Schedule through the scheduled expiration date of such loss carryovers or carrybacks; byway of example, if on the date of the Early Termination Schedule U.S. Corporation had $500 of net operating losses with a carryforward period of ten (10) years, $50 of such net operating losses would be used in each of the ten (10) consecutive Taxable Years beginning in the Taxable Year of such Early Termination Schedule;

(5) any non-amortizable assets (other than Subsidiary Stock) will be disposed of on the fifteenth anniversary of the earlier of (i) the applicable Basis Adjustment and (ii) the Early Termination Effective Date;

(6) any Subsidiary Stock will be deemed never to be disposed of except if Subsidiary Stock is directly disposed of in the Change of Control;

(7) if, on the Early Termination Effective Date, any Member has Units that have not been Exchanged (or, with respect to Class C-1 Units, converted to Common Units), then, with respect to Class C-1 Units, such Class C-1 Units shall be deemed to be converted to Common Units, and all Common Units, including the Class C-1 Units deemed converted therefor shall be deemed to be Exchanged for the Market Value of Pubco Shares that would be received by such Member if such Common Units had been Exchanged on the Early Termination Effective Date, and such Member shall be deemed to receive the amount of cash such Member would have been entitled to pursuant to Section 4.3(a) had such Class C-1 Units actually been converted to Common Units and had all such Common Units actually been Exchanged on the Early Termination Effective Date; and

(8) any payment obligations pursuant to this Agreement will be satisfied on the date that any Tax Return to which such payment obligation relates is required to be filed excluding any extensions.

Section 1.2 Rules of Construction. Unless otherwise specified herein:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) For purposes of interpretation of this Agreement:

(i) The words "herein," "hereto," "hereof" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision thereof.

(ii) Unless otherwise provided, references in this Agreement to a Schedule, Article, Section, clause or sub-clause refer to the appropriate Schedule to, or Article, Section, clause or subclause in, this Agreement.

(iii) References in this Agreement to dollars or "$" refer to the lawful currency of the United States of America.

(iv) The term "including" is by way of example and not limitation.

(v) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(d) Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

(e) Unless otherwise expressly provided herein, (a) references to organization documents (including the LLC Agreement), agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are permitted hereby; and (b) references to any law (including the Code and the Treasury Regulations) shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

ARTICLE II.
DETERMINATION OF REALIZED TAX BENEFIT

Section 2.1 Basis Adjustments; Section 754 Election.

(a) Basis Adjustments. The Parties acknowledge and agree that (A) each Redemption shall be treated for U.S. federal income tax purposes as a direct purchase of Common Units by the U.S. LLC (or U.S. Corporation followed by a corresponding contribution to the U.S. LLC by U.S. Corporation) from the applicable Member pursuant to Section 707(a)(2)(B) of the Code and (B) each Exchange will give rise to Basis Adjustments. In connection with any Exchange, the Parties acknowledge and agree that pursuant to applicable law U.S. Corporation's share of the tax basis in the Reference Assets shall be increased (or decreased) by the excess (or deficiency), if any, of (A) the sum of (x) the Market Value of Pubco Shares or the cash transferred to a Member pursuant to an Exchange as payment for the Units, (y) the amount of payments made pursuant to this Agreement with respect to such Exchange and (z) the amount of liabilities allocated to the Common Units acquired pursuant to the Exchange, over (B) U.S. Corporation's proportionate share of the tax basis of the Reference Assets immediately after the Exchange attributable to the Common Units exchanged, determined as if each relevant member of the U.S. LLC Group (including, for the avoidance of doubt, the U.S. LLC) remains in existence as an entity for tax purposes and no member of the U.S. LLC Group (including, for the avoidance of doubt, the U.S. LLC) made the election provided by Section 754 of the Code. For the avoidance of doubt, payments made under this Agreement shall not be treated as resulting in a Basis Adjustment to the extent such payments are treated as Imputed Interest or Default Rate Interest. Further, the Parties intend that Basis Adjustments be calculated in accordance with Treasury Regulations Section 1.743-1.

(b) Section 754 Election. In its capacity as the sole manager of the U.S. LLC, U.S. Corporation will ensure that, on and after the date hereof and continuing throughout the term of this Agreement, the U.S. LLC (including any successors to the U.S. LLC as a result of terminations occurring pursuant to Section 708(b)(1)(B) of the Code) will have in effect an election under Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law) for each Taxable Year.

Section 2.2 Basis Schedules. Within seventy-five (75) calendar days after the filing of the U.S. federal income Tax Return of U.S. Corporation for each relevant Taxable Year, U.S. Corporation shall deliver to the Members a schedule (the "Basis Schedule") that shows, in reasonable detail as necessary in order to understand the calculations performed under this Agreement: (a) the Non-Adjusted Tax Basis of the Reference Assets as of each applicable Exchange Date; (b) the Basis Adjustments with respect to the Reference Assets as a result of the relevant Exchanges effected in such Taxable Year, calculated (I) in the aggregate (including, for the avoidance of doubt, Exchanges by all Members) and (II) solely with respect to Exchanges by the applicable Member; (c) the period (or periods) over which the Reference Assets are amortizable and/or depreciable; and (d) the period (or periods) over which each Basis Adjustment is amortizable and/or depreciable. The Basis Schedule will become final and binding on the Parties pursuant to the procedures set forth in Section 2.4(a) and may be amended by the Parties pursuant to the procedures set forth in Section 2.4(b).

Section 2.3 Tax Benefit Schedules.

(a) Tax Benefit Schedule. Within seventy-five (75) calendar days after the filing of the U.S. federal income Tax Return of U.S. Corporation for any Taxable Year in which there is a Realized Tax Benefit or Realized Tax Detriment, U.S. Corporation shall provide to the Members a schedule showing, in reasonable detail, the calculation of the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year (a "Tax Benefit Schedule"). The Tax Benefit Schedule will become final and binding on the Parties pursuant to the procedures set forth in Section 2.4(a), and may be amended by the Parties pursuant to the procedures set forth in Section 2.4(b).

(b) Applicable Principles. Subject to the provisions of this Agreement, the Realized Tax Benefit or Realized Tax Detriment for each Taxable Year is intended to measure the decrease or increase in the Actual Tax Liability of U.S. Corporation for such Taxable Year attributable to the Basis Adjustments and Imputed Interest, as determined using a "with and without" methodology described in Section 2.4(a). Carryovers or carrybacks of any tax item attributable to any Basis Adjustment or Imputed Interest shall be considered to be subject to the rules of the Code and the Treasury Regulations or the appropriate provisions of U.S. state and local tax law, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. If a carryover or carryback of any tax item includes a portion that is attributable to a Basis Adjustment or Imputed Interest (a "TRA Portion") and another portion that is not (a "Non-TRA Portion"), such portions shall be considered to be used in accordance with the "with and without" methodology so that: (i) the amount of any Non-TRA Portion is deemed utilized first, followed by the amount of any TRA Portion (with the TRA Portion being applied on a proportionate basis consistent with the provisions of Section 3.3(a)); and (ii) in the case of a carryback of a Non-TRA Portion, such carryback shall not affect the original "with and without" calculation made in the prior Taxable Year. The Parties agree that, subject to the second to last sentence of Section 2.1(a), all Tax Benefit Payments attributable to an Exchange will be treated as subsequent upward purchase price adjustments that give rise to further Basis Adjustments for U.S. Corporation beginning in the Taxable Year of payment, and as a result, such additional Basis Adjustments will be incorporated into such Taxable Year continuing for future Taxable Years until any incremental Basis Adjustment benefits with respect to a Tax Benefit Payment equals an immaterial amount.

Section 2.4 Procedures; Amendments.

(a) Procedures. Each time U.S. Corporation delivers an applicable Schedule to the Members under this Agreement, including any Amended Schedule delivered pursuant to Section 2.4(b), but excluding any Early Termination Schedule or amended Early Termination Schedule delivered pursuant to the procedures set forth in Section 4.2, U.S. Corporation shall also: (x) deliver supporting schedules and work papers, as determined by U.S. Corporation or as reasonably requested by any Member, that provide a reasonable level of detail regarding the data and calculations that were relevant for purposes of preparing the Schedule; (y) deliver a U.S. Corporation Letter supporting such Schedule; and (z) allow the Members and their advisors to have reasonable access to the appropriate representatives, as determined by U.S. Corporation or as reasonably requested by the Members, at U.S. Corporation and the Advisory Firm in connection with a review of such Schedule. Without limiting the generality of the preceding sentence, U.S. Corporation shall ensure that any Tax Benefit Schedule that is delivered to the Members, along with any supporting schedules and work papers, provides a reasonably detailed presentation of the calculation of the Actual Tax Liability of U.S. Corporation for the relevant Taxable Year (the "with" calculation) and the Hypothetical Tax Liability of U.S. Corporation for such Taxable Year (the "without" calculation), and identifies any material assumptions or operating procedures or principles that were used for purposes of such calculations. An applicable Schedule or amendment thereto shall become final and binding on the Parties thirty (30) calendar days from the date on which the Members first received the applicable Schedule or amendment thereto unless:

(i) a Member, within thirty (30) calendar days after receiving the applicable Schedule or amendment thereto, provides U.S. Corporation with (A) written notice of a material objection to such Schedule that is made in good faith and that sets forth in reasonable detail such Member's material objection (an "Objection Notice") and (B) a letter from a Member Advisory Firm in support of such Objection Notice; or

(ii) each Member provides a written waiver of its right to deliver an Objection Notice within the time period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date the waiver from all Members is received by U.S. Corporation.

In the event that a Member timely delivers an Objection Notice pursuant to clause (i) above, and if the Parties, for any reason, are unable to successfully resolve the issues raised in the Objection Notice within thirty (30) calendar days after receipt by U.S. Corporation of the Objection Notice, U.S. Corporation and the Member shall employ the reconciliation procedures as described in Section 7.9 of this Agreement (the "Reconciliation Procedures"). For the avoidance of doubt, and notwithstanding anything to the contrary herein, the expense of preparing and obtaining the letter from a Member Advisory Firm referenced in clause (i) above shall be borne solely by the relevant Member and neither U.S. Corporation nor the U.S. LLC shall have any liability with respect to such letter or any of the expenses associated with its preparation and delivery.

(b) Amended Schedule. The applicable Schedule for any Taxable Year may be amended from time to time by U.S. Corporation: (i) in connection with a Determination affecting such Schedule; (ii) to correct inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was originally provided to the Member; (iii) to comply with an Expert's determination under the Reconciliation Procedures applicable to this Agreement; (iv) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to a carryback or carryforward of a loss or other Tax item to such Taxable Year; (v) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year; or (vi) to adjust a Basis Schedule to take into account any Tax Benefit Payments made pursuant to this Agreement (any such Schedule, an "Amended Schedule").

ARTICLE III.
TAX BENEFIT PAYMENTS

Section 3.1 Timing and Amount of Tax Benefit Payments.

(a) Timing of Payments. Subject to Sections 3.2 and 3.3, within fifteen (15) Business Days following the date on which each Tax Benefit Schedule that is required to be delivered by U.S. Corporation to the Members pursuant to Section 2.3(a) of this Agreement becomes final in accordance with Section 2.4(a) of this Agreement (such date, the "Final Payment Date" in respect of any Tax Benefit Payment), U.S. Corporation shall pay to each relevant Member the Tax Benefit Payment as determined pursuant to Section 3.1(b). Each such Tax Benefit Payment shall be made by wire transfer of immediately available funds to the bank account previously designated by such Members or as otherwise agreed by U.S. Corporation and such Members. For the avoidance of doubt, the Members shall not be required under any circumstances to return any portion of any Tax Benefit Payment previously paid by U.S. Corporation to the Members (including any portion of any Early Termination Payment).

(b) Amount of Payments. For purposes of this Agreement, a "Tax Benefit Payment" with respect to any Member means an amount, not less than zero, equal to the sum of: (i) the Net Tax Benefit that is Attributable to such Member and (ii) the Actual Interest Amount.

(i) Attributable. A Net Tax Benefit is "Attributable" to a Member to the extent that it is derived from any Basis Adjustment or Imputed Interest that is attributable to an Exchange undertaken by or with respect to such Member.

(ii) Net Tax Benefit. The "Net Tax Benefit" for a Taxable Year equals the amount of the excess, if any, of (x) 65% of the Cumulative Net Realized Tax Benefit Attributable to such Member as of the end of such Taxable Year over (y) the aggregate amount of all Tax Benefit Payments previously made to such Member under this Section 3.1. For the avoidance of doubt, if the Cumulative Net Realized Tax Benefit as of the end of any Taxable Year is less than the aggregate amount of all Tax Benefit Payments previously made to a Member, such Member shall not be required to return any portion of any Tax Benefit Payment previously made by U.S. Corporation to such Member.

(iii) Cumulative Net Realized Tax Benefit. The "Cumulative Net Realized Tax Benefit" for a Taxable Year equals the cumulative amount of Realized Tax Benefits for all Taxable Years of U.S. Corporation, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments for the same period. The Realized Tax Benefit and Realized Tax Detriment for each Taxable Year shall be determined based on the most recent Tax Benefit Schedule or Amended Schedule, if any, in existence at the time of such determination.

(iv) Realized Tax Benefit. The "Realized Tax Benefit" for a Taxable Year equals the excess, if any, of the Hypothetical Tax Liability over the Actual Tax Liability for such Taxable Year. If all or a portion of the Actual Tax Liability for such Taxable Year arises as a result of an audit or similar proceeding by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

(v) Realized Tax Detriment. The "Realized Tax Detriment" for a Taxable Year equals the excess, if any, of the Actual Tax Liability over the Hypothetical Tax Liability for such Taxable Year. If all or a portion of the Actual Tax Liability for such Taxable Year arises as a result of an audit or similar proceeding by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment unless and until there has been a Determination.

(vi) Imputed Interest. The principles of Sections 1272, 1274, or 483 of the Code, as applicable, and the principles of any similar provision of U.S. state and local law, will apply to cause a portion of any Net Tax Benefit payable by U.S. Corporation to a Member under this Agreement to be treated as imputed interest ("Imputed Interest"). For the avoidance of doubt, the deduction for the amount of Imputed Interest as determined with respect to any Net Tax Benefit payable by U.S. Corporation to a Member shall be excluded in determining the Hypothetical Tax Liability of U.S. Corporation for purposes of calculating Realized Tax Benefits and Realized Tax Detriments pursuant to this Agreement.

(vii) Actual Interest Amount. The "Actual Interest Amount" calculated in respect of the Net Tax Benefit for a Taxable Year will equal the amount of any Extension Rate Interest.

(viii) Extension Rate Interest. The amount of "Extension Rate Interest" calculated in respect of the Net Tax Benefit (including previously accrued Imputed Interest) for a Taxable Year will equal interest calculated at the Agreed Rate from the due date (without extensions) for filing the U.S. federal income Tax Return of U.S. Corporation for such Taxable Year until the date on which U.S. Corporation makes a timely Tax Benefit Payment to the Member on or before the Final Payment Date as determined pursuant to Section 3.1(a).

(ix) Default Rate Interest. In the event that U.S. Corporation does not make timely payment of all or any portion of a Tax Benefit Payment to a Member on or before the Final Payment Date as determined pursuant to Section 3.1(a), the amount of "Default Rate Interest" calculated in respect of the Net Tax Benefit (including previously accrued Imputed Interest and Extension Rate Interest) for a Taxable Year will equal interest calculated at the Default Rate from the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a) until the date on which U.S. Corporation makes such Tax Benefit Payment to such Member. For the avoidance of doubt, any deduction for any Default Rate Interest as determined with respect to any Net Tax Benefit payable by U.S. Corporation to a Member shall be included in the Hypothetical Tax Liability of U.S. Corporation for purposes of calculating Realized Tax Benefits and Realized Tax Detriments pursuant to this Agreement.

(x) U.S. Corporation and the Members hereby acknowledge and agree that, as of the date of this Agreement and as of the date of any future Exchange that may be subject to this Agreement, the aggregate value of the Tax Benefit Payments cannot be reasonably ascertained for U.S. federal income or other applicable tax purposes.

(c) Interest. The provisions of Section 3.1(b) are intended to operate so that interest will effectively accrue in respect of the Net Tax Benefit for any Taxable Year as follows:

(i) first, at the applicable rate used to determine the amount of Imputed Interest under the Code (from the relevant Exchange Date until the due date (without extensions) for filing the U.S. federal income Tax Return of U.S. Corporation for such Taxable Year);

(ii) second, at the Agreed Rate in respect of any Extension Rate Interest (from the due date (without extensions) for filing the U.S. federal income Tax Return of U.S. Corporation for such Taxable Year until the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a)); and

(iii) third, at the Default Rate in respect of any Default Rate Interest (from the Final Payment Date for a Tax Benefit Payment as determined pursuant to Section 3.1(a) until the date on which U.S. Corporation makes the relevant Tax Benefit Payment to a Member).

Section 3.2 No Duplicative Payments. It is intended that the provisions of this Agreement will not result in the duplicative payment of any amount (including interest) that may be required under this Agreement, and the provisions of this Agreement shall be consistently interpreted and applied in accordance with that intent. For purposes of this Agreement, and also for the avoidance of doubt, no Tax Benefit Payment shall be calculated or made in respect of any estimated tax payments, including, without limitation, any estimated U.S. federal income tax payments.

Section 3.3 Pro-Ration of Payments as Between the Members.

(a) Insufficient Taxable Income. Notwithstanding anything in Section 3.1(b) to the contrary, if the aggregate potential Covered Tax benefit of U.S. Corporation as calculated with respect to the Basis Adjustments and Imputed Interest (in each case, without regard to the Taxable Year of origination) is limited in a particular Taxable Year because U.S. Corporation does not have sufficient actual taxable income, then the available Covered Tax benefit for U.S. Corporation shall be allocated among the Members in proportion to the respective Tax Benefit Payment that would have been payable if U.S. Corporation had in fact had sufficient taxable income so that there had been no such limitation. The following is an illustration of the intended operation of this Section 3.3(a):

U.S. Corporation Potential Covered Tax Benefits	Member 1 Potential Allocation of Covered Tax Benefits	Member 1 Potential Tax Benefit Payment	Member 2 Potential Allocation of Covered Tax Benefits	Member 2 Potential Tax Benefit Payment
$400.00	$100.00	$65.00	$300.00	$195.00

U.S. Corporation Actual Taxable Income	Member 1 Actual Allocation of Covered Tax Benefits	Member 1 Actual Tax Benefit Payment	Member 2 Actual Allocation of Covered Tax Benefits	Member 2 Actual Tax Benefit Payment
$200.00	$50.00	$32.50	$150.00	$97.50

(b) Late Payments. If for any reason U.S. Corporation is not able to timely and fully satisfy its payment obligations under this Agreement in respect of a particular Taxable Year, then Default Rate Interest will begin to accrue pursuant to Section 5.2 and U.S. Corporation and other Parties agree that (i) U.S. Corporation shall pay the Tax Benefit Payments due in respect of such Taxable Year to each Member pro rata in accordance with the principles of Section 3.3(a) and (ii) no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments to all Members in respect of all prior Taxable Years have been made in full.

ARTICLE IV.
TERMINATION

Section 4.1 Early Termination of Agreement; Breach of Agreement.

(a) U.S. Corporation's Early Termination Right. U.S. Corporation may completely terminate this Agreement, as and to the extent provided herein, with respect to all amounts payable to the Members pursuant to this Agreement by paying to the Members the Early Termination Payment; *provided* that Early Termination Payments may be made pursuant to this Section 4.1(a) only if made to all Members that are entitled to such a payment simultaneously, and *provided further*, that U.S. Corporation may withdraw any notice to execute its termination rights under this Section 4.1(a) prior to the time at which any Early Termination Payment has been paid. Upon U.S. Corporation's payment of the Early Termination Payment, U.S. Corporation shall not have any further payment obligations under this Agreement, other than with respect to any: (i) prior Tax Benefit Payments that are due and payable under this Agreement but that still remain unpaid as of the date of the Early Termination Notice; and (ii) current Tax Benefit Payment due for the Taxable Year ending on or including the date of the Early Termination Notice (except to the extent that the amount described in clause (ii) is included in the calculation of the Early Termination Payment). If an Exchange subsequently occurs with respect to Common Units for which U.S. Corporation has exercised its termination rights under this Section 4.1(a), U.S. Corporation shall have no obligations under this Agreement with respect to such Exchange.

(b) Acceleration upon Change of Control. In the event of a Change of Control, all obligations hereunder shall be accelerated and such obligations shall be calculated pursuant to this Article IV as if an Early Termination Notice had been delivered on the closing date of the Change of Control and utilizing the Valuation Assumptions by substituting the phrase "the closing date of a Change of Control" in each place where the phrase "Early Termination Effective Date" appears. Such obligations shall include, but not be limited to, (1) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the closing date of the Change of Control, (2) any Tax Benefit Payments agreed to by U.S. Corporation and the Members as due and payable but unpaid as of the Early Termination Notice and (3) any Tax Benefit Payments due for any Taxable Year ending prior to, with or including the closing date of a Change of Control (except to the extent that any amounts described in clauses (2) or (3) are included in the Early Termination Payment). For the avoidance of doubt, Sections 4.2 and 4.3 shall apply to a Change of Control, *mutadis mutandi*.

(c) Acceleration upon Breach of Agreement. In the event that U.S. Corporation materially breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, failure to honor any other material obligation required hereunder, or by operation of law as a result of the rejection of this Agreement in a case commenced under bankruptcy laws or otherwise, then all obligations hereunder shall be accelerated and become immediately due and payable upon notice of acceleration from such Member (provided that in the case of any proceeding under bankruptcy laws or other insolvency statute, such acceleration shall be automatic without any such notice), and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such notice of acceleration (or, in the case of any proceeding under bankruptcy laws or any other insolvency statute, on the date of such breach) and shall include, but not be limited to: (i) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of such acceleration; (ii) any prior Tax Benefit Payments that are due and payable under this Agreement but that still remain unpaid as of the date of such acceleration; and (iii) any current Tax Benefit Payment due for the Taxable Year ending with or including the date of such acceleration. Notwithstanding the foregoing, in the event that U.S. Corporation breaches this Agreement and such breach is not a material breach of a material obligation, a Member shall still be entitled to enforce all of its rights otherwise available under this Agreement, including potentially seeking an acceleration of amounts payable under this Agreement. For purposes of this Section 4.1(c), and subject to the following sentence, the Parties agree that the failure to make any payment due pursuant to this Agreement within thirty (30) days of the relevant Final Payment Date shall be deemed to be a material breach of a material obligation under this Agreement for all purposes of this Agreement, and that it will not be considered to be a material breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within thirty (30) days of the relevant Final Payment Date. Notwithstanding anything in this Agreement to the contrary, it shall not be a material breach of a material obligation of this Agreement if U.S. Corporation fails to make any Tax Benefit Payment within thirty (30) days of the relevant Final Payment Date to the extent that U.S. Corporation has insufficient funds, or cannot take commercially reasonable actions to obtain sufficient funds, to make such payment; provided that the interest provisions of Section 5.2 shall apply to such late payment (unless U.S. Corporation does not have sufficient funds to make such payment as a result of limitations imposed by any Senior Obligations, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate).

Section 4.2 Early Termination Notice. If U.S. Corporation chooses to exercise its right of early termination under Section 4.1 above, U.S. Corporation shall deliver to the Members a notice of U.S. Corporation's decision to exercise such right (an "Early Termination Notice") and a schedule (the "Early Termination Schedule") showing in reasonable detail the calculation of the Early Termination Payment. U.S. Corporation shall also (x) deliver supporting schedules and work papers, as determined by U.S. Corporation or as reasonably requested by a Member, that provide a reasonable level of detail regarding the data and calculations that were relevant for purposes of preparing the Early Termination Schedule; (y) deliver a U.S. Corporation Letter supporting such Early Termination Schedule; and (z) allow the Members and their advisors to have reasonable access to the appropriate representatives, as determined by U.S. Corporation or as reasonably requested by the Members, at U.S. Corporation and the Advisory Firm in connection with a review of such Early Termination Schedule. The Early Termination Schedule shall become final and binding on each Party thirty (30) calendar days from the first date on which the Members received such Early Termination Schedule unless:

(i) a Member within thirty (30) calendar days after receiving the Early Termination Schedule, provides U.S. Corporation with (A) notice of a material objection to such Early Termination Schedule made in good faith and setting forth in reasonable detail such Member's material objection (a "Termination Objection Notice") and (B) a letter from a Member Advisory Firm in support of such Termination Objection Notice; or

(ii) each Member provides a written waiver of such right of a Termination Objection Notice within the period described in clause (i) above, in which case such Early Termination Schedule becomes binding on the date the waiver from all Members is received by U.S. Corporation.

In the event that a Member timely delivers a Termination Objection Notice pursuant to clause (i) above, and if the Parties, for any reason, are unable to successfully resolve the issues raised in the Termination Objection Notice within thirty (30) calendar days after receipt by U.S. Corporation of the Termination Objection Notice, U.S. Corporation and such Member shall employ the Reconciliation Procedures. For the avoidance of doubt, and notwithstanding anything to the contrary herein, the expense of preparing and obtaining the letter from a Member Advisory Firm referenced in clause (i) above shall be borne solely by such Member and the neither U.S. Corporation nor the U.S. LLC shall have any liability with respect to such letter or any of the expenses associated with its preparation and delivery. The date on which the Early Termination Schedule becomes final in accordance with this Section 4.2 shall be the "Early Termination Reference Date."

Section 4.3 Payment upon Early Termination.

(a) Timing of Payment. Within fifteen (15) Business Days after the Early Termination Reference Date, U.S. Corporation shall pay to each Member an amount equal to the Early Termination Payment for such Member. Such Early Termination Payment shall be made by U.S. Corporation by wire transfer of immediately available funds to a bank account or accounts designated by the Members or as otherwise agreed by U.S. Corporation and the Members.

(b) Amount of Payment. The "Early Termination Payment" payable to a Member pursuant to Section 4.3(a) shall equal the present value, discounted at the Early Termination Rate as determined as of the Early Termination Reference Date, of all Tax Benefit Payments that would be required to be paid by U.S. Corporation to such Member, whether payable with respect to Class C-1 Units that were converted to Common Units, or Common Units that were Exchanged, prior to the Early Termination Effective Date or on or after the Early Termination Effective Date, beginning from the Early Termination Effective Date and using the Valuation Assumptions. For the avoidance of doubt, an Early Termination Payment shall be made to each Member, regardless of whether such Member has converted all of such Member's Class C-1 Units to Class C-1 Units, if applicable, and otherwise Exchanged all of its Common Units as of the Early Termination Effective Date.

ARTICLE V.
SUBORDINATION AND LATE PAYMENTS

Section 5.1 Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment or Early Termination Payment required to be made by U.S. Corporation to the Members under this Agreement shall rank subordinate and junior in right of payment to any principal, interest, or other amounts due and payable in respect of any obligations owed in respect of secured indebtedness for borrowed money of U.S. Corporation and its Subsidiaries ("Senior Obligations") and shall rank *pari passu* in right of payment with all current or future unsecured obligations of U.S. Corporation that are not Senior Obligations. To the extent that any payment under this Agreement is not permitted to be made at the time payment is due as a result of this Section 5.1 and the terms of the agreements governing Senior Obligations, such payment obligation nevertheless shall accrue for the benefit of the Members and U.S. Corporation shall make such payments at the first opportunity that such payments are permitted to be made in accordance with the terms of the Senior Obligations.

Section 5.2 Late Payments by U.S. Corporation. The amount of all or any portion of any Tax Benefit Payment or Early Termination Payment not made to the Members when due under the terms of this Agreement, whether as a result of Section 5.1 and the terms of the Senior Obligations or otherwise, shall be payable together with Default Rate Interest, which shall accrue beginning on the Final Payment Date and be computed as provided in Section 3.1(b)(ix).

ARTICLE VI.
TAX MATTERS; CONSISTENCY; COOPERATION

Section 6.1 Participation in U.S. Corporation's and the U.S. LLC's Tax Matters. Except as otherwise provided herein, and except as provided in the LLC Agreement, U.S. Corporation shall have full responsibility for, and sole discretion over, all tax matters concerning the U.S. LLC, including without limitation in each case, the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to taxes. Notwithstanding the foregoing, U.S. Corporation shall notify the Members of, and keep them reasonably informed with respect to, the portion of any tax audit of U.S. Corporation or the U.S. LLC, or any of the U.S. LLC's Subsidiaries, the outcome of which is reasonably expected to materially affect the Tax Benefit Payments payable to such Members under this Agreement, and any Member holding directly and/or indirectly at least ten percent (10%) of the outstanding Units, provided that the U.S. LLC has knowledge that such Member holds directly and/or indirectly at least ten percent (10%) of the outstanding Units (a "10% Member"), shall have the right to participate in and to monitor at their own expense (but, for the avoidance of doubt, not to control) any such portion of any such Tax audit; provided that U.S. Corporation shall not settle or fail to contest any issue pertaining to Covered Taxes that is reasonably expected to materially adversely affect the Members' rights and obligations under this Agreement without the consent of each 10% Member, such consent not to be unreasonably withheld or delayed.

Section 6.2 Consistency. All calculations and determinations made hereunder, including, without limitation, any Basis Adjustments, the Schedules, and the determination of any Realized Tax Benefits or Realized Tax Detriments, shall be made in accordance with the elections, methodologies or positions taken by U.S. Corporation and the U.S. LLC on their respective Tax Returns. Each Member shall prepare its Tax Returns in a manner that is consistent with the terms of this Agreement, and any related calculations or determinations that are made hereunder, including, without limitation, the terms of Section 2.1 of this Agreement and the Schedules provided to the Members under this Agreement. In the event that an Advisory Firm is replaced with another Advisory Firm, such replacement Advisory Firm shall perform its services under this Agreement using procedures and methodologies consistent with the previous Advisory Firm, unless otherwise required by law or unless U.S. Corporation and all of the Members agree to the use of other procedures and methodologies.

Section 6.3 Cooperation.

(a) Each Member shall (i) furnish to U.S. Corporation in a timely manner such information, documents and other materials as U.S. Corporation may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any audit, examination or controversy with any Taxing Authority, (ii) make itself available to U.S. Corporation and its representatives to provide explanations of documents and materials and such other information as U.S. Corporation or its representatives may reasonably request in connection with any of the matters described in clause (i) above, and (iii) reasonably cooperate in connection with any such matter.

(b) U.S. Corporation shall reimburse the Members for any reasonable and documented out-of-pocket costs and expenses incurred pursuant to Section 6.3(a).

ARTICLE VII.
MISCELLANEOUS

Section 7.1 Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by certified or registered mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be as specified in a notice given in accordance with this Section 7.1). All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

If to U.S. Corporation, to:

Acreage Holdings America, Inc.
366 Madison Avenue, 11th Floor
New York, New York 10017
Attn: James A. Doherty
Email: j.doherty@acreageholdings.com

with a copy (which shall not constitute notice to U.S. Corporation) to:
High Street Capital Partners, LLC, d/b/a Acreage Holdings
366 Madison Avenue, 11th Floor
New York, New York 10017
Attn: James A. Doherty
Email: j.doherty@acreageholdings.com

If to a Member, the address, facsimile number and e-mail address specified on such Member's signature page to this Agreement

Any Party may change its address, fax number or e-mail address by giving each of the other Parties written notice thereof in the manner set forth above.

Section 7.2 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.3 Entire Agreement; No Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes any and all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of Delaware, without regard to the conflicts of laws principles thereof that would mandate the application of the laws of another jurisdiction.

Section 7.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.6 Assignments; Amendments; Successors; No Waiver.

(a) Assignment. No Member may assign, sell, pledge, or otherwise alienate or transfer any interest in this Agreement, including the right to receive any Tax Benefit Payments under this Agreement, to any Person without the prior written consent of U.S. Corporation, which consent shall not be unreasonably withheld, conditioned, or delayed, and without such Person executing and delivering a Joinder agreeing to succeed to the applicable portion of such Member's interest in this Agreement and to become a Party for all purposes of this Agreement (the "Joinder Requirement"); *provided*, *however*, that to the extent any Member sells, exchanges, distributes, or otherwise transfers Units to any Person (U.S. Corporation or any of its Affiliates) in accordance with the terms of the LLC Agreement, the Members shall have the option to assign to the transferee of such Units its rights under this Agreement with respect to such transferred Units, *provided* that such transferee has satisfied the Joinder Requirement. For the avoidance of doubt, if a Member transfers Units in accordance with the terms of the LLC Agreement but does not assign to the transferee of such Units its rights under this Agreement with respect to such transferred Units, such Member shall continue to be entitled to receive the Tax Benefit Payments arising in respect of a subsequent Exchange of such Units. U.S. Corporation may not assign any of its rights or obligations under this Agreement to any Person without Supermajority Member Approval (and any purported assignment without such approval shall be null and void).

(b) Amendments. No provision of this Agreement may be amended unless such amendment is approved in writing by U.S. Corporation and made with Supermajority Member Approval. No provision of this Agreement may be waived unless such waiver is in writing and signed by the Party against whom the waiver is to be effective.

(c) Successors. All of the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. U.S. Corporation shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of U.S. Corporation, by written agreement, expressly, to assume and agree to perform this Agreement in the same manner and to the same extent that U.S. Corporation would be required to perform if no such succession had taken place.

(d) Waiver. No failure by any Party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement, or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or any other covenant, duty, agreement, or condition.

Section 7.7 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.8 Resolution of Disputes.

(a) Except for Reconciliation Disputes subject to Section 7.9, any and all disputes which cannot be settled after substantial good-faith negotiation, including any ancillary claims of any Party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non- performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) (each a "Dispute") shall be finally resolved by arbitration in accordance with the International Institute for Conflict Prevention and Resolution Rules for Non-Administered Arbitration by a panel of three arbitrators, of which U.S. Corporation shall designate one arbitrator and the Members party to such Dispute shall designate one arbitrator in accordance with the "screened" appointment procedure provided in Resolution Rule 5.4. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 *et seq.*, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of the arbitration shall be New York, New York.

(b) Notwithstanding the provisions of paragraph (a), any Party may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling another Party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each Party (i) expressly consents to the application of paragraph (c) of this Section 7.8 to any such action or proceeding, and (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate. For the avoidance of doubt, this Section 7.8 shall not apply to Reconciliation Disputes to be settled in accordance with the procedures set forth in Section 7.9.

(c) This Agreement shall be governed in all respects, including as to validity, interpretation and effect, by the internal laws of Delaware, without giving effect to the conflict of laws rules thereof. The Parties agree that any suit or proceeding in connection with, arising out of, or relating to this Agreement shall be instituted only in a court (whether federal or Delaware) located in Delaware, and the Parties, for the purpose of any such suit or proceeding, irrevocably consent and submit to the personal and subject matter jurisdiction and venue of any such court in any such suit or proceeding. Each Party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(d) Each Party irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Section 7.8(c). Each Party irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of any such suit, action or proceeding in any such court.

(e) Each Party irrevocably consents to service of process by means of notice in the manner provided for in Section 7.1. Nothing in this Agreement shall affect the right of any Party to serve process in any other manner permitted by law.

(f) WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

(g) Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of Section 7.9, or a Dispute within the meaning of this Section 7.8, shall be decided and resolved as a Dispute subject to the procedures set forth in this Section 7.8.

Section 7.9 Reconciliation. In the event that U.S. Corporation and any Member are unable to resolve a disagreement with respect to a Schedule (other than an Early Termination Schedule) prepared in accordance with the procedures set forth in Section 2.4, or with respect to an Early Termination Schedule prepared in accordance with the procedures set forth in Section 4.2, within the relevant time period designated in this Agreement (a "Reconciliation Dispute"), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the "Expert") in the particular area of disagreement mutually acceptable to both Parties. The Expert shall be a partner or principal in a nationally recognized accounting firm, and unless U.S. Corporation and such Member agree otherwise, the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with U.S. Corporation or such Member or other actual or potential conflict of interest. If the Parties are unable to agree on an Expert within fifteen (15) calendar days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the selection of an Expert shall be treated as a Dispute subject to Section 7.8 and an arbitration panel shall pick an Expert from a nationally recognized accounting firm that does not have any material relationship with U.S. Corporation or such Member or other actual or potential conflict of interest. The Expert shall resolve any matter relating to the Basis Schedule or an amendment thereto, or the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen (15) calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, the undisputed amount shall be paid on the date prescribed by this Agreement and such Tax Return may be filed as prepared by U.S. Corporation, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by U.S. Corporation except as provided in the next sentence. U.S. Corporation and the Members shall bear their own costs and expenses of such proceeding, unless (i) the Expert adopts the Member's position, in which case U.S. Corporation shall reimburse the Member for any reasonable and documented out-of-pocket costs and expenses in such proceeding, or (ii) the Expert adopts U.S. Corporation's position, in which case the Member shall reimburse U.S. Corporation for any reasonable and documented out-of-pocket costs and expenses in such proceeding. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.9 shall be binding on U.S. Corporation and the Members and may be entered and enforced in any court having competent jurisdiction.

Section 7.10 Withholding. U.S. Corporation shall be entitled to deduct and withhold from any payment that is payable to any Member pursuant to this Agreement such amounts as U.S. Corporation is required to deduct and withhold with respect to the making of such payment under the Code or any provision of U.S. federal, state or local or non-U.S. tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by U.S. Corporation, such withheld amounts shall be treated for all purposes of this Agreement as having been paid by U.S. Corporation to the relevant Member. Each Member shall promptly provide U.S. Corporation with any applicable tax forms and certifications reasonably requested by U.S. Corporation in connection with determining whether any such deductions and withholdings are required under the Code or any provision of U.S. federal, state or local or non-U.S. tax law.

Section 7.11 Admission of U.S. Corporation into a Consolidated Group; Transfers of Corporate Assets.

(a) If U.S. Corporation is or becomes a member of an affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Section 1501 or other applicable Sections of the Code governing affiliated or consolidated groups, or any corresponding provisions of U.S. state or local law, then: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Tax Benefit Payments, Early Termination Payments, and other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If any entity that is obligated to make a Tax Benefit Payment or Early Termination Payment hereunder transfers one or more assets to a corporation (or a Person classified as a corporation for U.S. income tax purposes) with which such entity does not file a consolidated Tax Return pursuant to Section 1501 of the Code, such entity, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment due hereunder, shall be treated as having disposed of such asset in a fully taxable transaction on the date of such contribution. The consideration deemed to be received by such entity shall be equal to the fair market value of the contributed asset. For purposes of this Section 7.11, a transfer of a partnership interest shall be treated as a transfer of the transferring partner's share of each of the assets and liabilities of that partnership.

Section 7.12 Confidentiality. Each Member and its assignees acknowledges and agrees that the information of U.S. Corporation is confidential and, except in the course of performing any duties as necessary for U.S. Corporation and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such Person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters, acquired pursuant to this Agreement, of U.S. Corporation and its Affiliates and successors, learned by any Member heretofore or hereafter. This Section 7.12 shall not apply to (i) any information that has been made publicly available by U.S. Corporation or any of its Affiliates, becomes public knowledge (except as a result of an act of any Member in violation of this Agreement) or is generally known to the business community, (ii) the disclosure of information to the extent necessary for a Member to prosecute or defend claims arising under or relating to this Agreement, and (iii) the disclosure of information to the extent necessary for a Member to prepare and file its Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such Tax Returns. Notwithstanding anything to the contrary herein, the Members and each of their assignees (and each employee, representative or other agent of the Members or their assignees, as applicable) may disclose at their discretion to any and all Persons, without limitation of any kind, the tax treatment and tax structure of U.S. Corporation, the Members and any of their transactions, and all materials of any kind (including tax opinions or other tax analyses) that are provided to the Members relating to such tax treatment and tax structure. If a Member or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12, U.S. Corporation shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to U.S. Corporation (or any of their respective Subsidiaries) and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.13 Change in Law. Notwithstanding anything herein to the contrary, if, in connection with an actual or proposed change in law, a Member reasonably believes that the existence of this Agreement could cause income (other than income arising from receipt of a payment under this Agreement) recognized by such Member (or direct or indirect equity holders in such Member) in connection with any Exchange to be treated as ordinary income rather than capital gain (or otherwise taxed at ordinary income rates) for U.S. federal income tax purposes or would have other material adverse tax consequences to such Member or any direct or indirect owner of such Member, then at the written election of such Member in its sole discretion (in an instrument signed by such Member and delivered to U.S. Corporation) and to the extent specified therein by such Member, this Agreement shall cease to have further effect and shall not apply to an Exchange occurring after a date specified by such Member, or may be amended by in a manner reasonably determined by such Member, *provided* that such amendment shall not result in an increase in any payments owed by U.S. Corporation under this Agreement at any time as compared to the amounts and times of payments that would have been due in the absence of such amendment.

Section 7.14 Interest Rate Limitation. Notwithstanding anything to the contrary contained herein, the interest paid or agreed to be paid hereunder with respect to amounts due to any Member hereunder shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If any Member shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the Tax Benefit Payment or Early Termination Payment, as applicable (but in each case exclusive of any component thereof comprising interest) or, if it exceeds such unpaid non-interest amount, refunded to U.S. Corporation. In determining whether the interest contracted for, charged, or received by any Member exceeds the Maximum Rate, such Member may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the payment obligations owed by U.S. Corporation to such Member hereunder. Notwithstanding the foregoing, it is the intention of the Parties to conform strictly to any applicable usury laws.

Section 7.15 Independent Nature of Rights and Obligations. The rights and obligations of each Member hereunder are several and not joint with the rights and obligations of any other Person. A Member shall not be responsible in any way for the performance of the obligations of any other Person hereunder, nor shall a Member have the right to enforce the rights or obligations of any other Person hereunder (other than U.S. Corporation). The obligations of a Member hereunder are solely for the benefit of, and shall be enforceable solely by, U.S. Corporation. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Member pursuant hereto or thereto, shall be deemed to constitute the Members acting as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Members are in any way acting in concert or as a group with respect to such rights or obligations or the transactions contemplated hereby, and U.S. Corporation acknowledges that the Members are not acting in concert or as a group and will not assert any such claim with respect to such rights or obligations or the transactions contemplated hereby.

[*Signature Page Follows This Page*]

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Agreement as of the date first written above.

ACREAGE HOLDINGS AMERICA, INC.

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: Chief Executive Officer

HIGH STREET CAPITAL PARTNERS, LLC

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: Chief Executive Officer of Acreage Holdings America, Inc., the sole manager of High Street Capital Partners, LLC

/s/ Kevin Murphy
Name: Kevin Murphy

/s/ Melvin Yellin
Name: Melvin Yellin

/s/ Devin Binford
Name: Devin Binford

/s/ George Allen
Name: George Allen

/s/ Glen Leibowitz
Name: Glen Leibowitz

/s/ James Doherty
Name: James Doherty

/s/ Robert Daino
Name: Robert Daino

/s/ Harris Damashek
Name: Harris Damashek

/s/ Chris Tolford
Name: Chris Tolford

SIGNATURE PAGE
TO
TAX RECEIVABLE AGREEMENT

Exhibit A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of_____, 20__(this "Joinder"), is delivered pursuant to that certain Tax Receivable Agreement, dated as of • (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Tax Receivable Agreement") by and among Acreage Holdings America, Inc., a Nevada corporation ("U.S. Corporation"), High Street Capital Partners, LLC, a Delaware limited liability company ("U.S. LLC"), and each of the Members from time to time party thereto. Capitalized terms used but not otherwise defined herein have the respective meanings set forth in the Tax Receivable Agreement.

1. Joinder to the Tax Receivable Agreement. The undersigned hereby represents and warrants to U.S. Corporation that, as of the date hereof, the undersigned has been assigned an interest in the Tax Receivable Agreement from a Member and [•].

2. Joinder to the Tax Receivable Agreement. Upon the execution of this Joinder by the undersigned and delivery hereof to U.S. Corporation, the undersigned hereby is and hereafter will be a Member under the Tax Receivable Agreement and a Party thereto, with all the rights, privileges and responsibilities of a Member thereunder. The undersigned hereby agrees that it shall comply with and be fully bound by the terms of the Tax Receivable Agreement as if it had been a signatory thereto as of the date thereof.

3. Incorporation by Reference. All terms and conditions of the Tax Receivable Agreement are hereby incorporated by reference in this Joinder as if set forth herein in full.

4. Address. All notices under the Tax Receivable Agreement to the undersigned shall be direct to:

[Name] [Address]
[City, State, Zip Code]
Attn:
Facsimile:
E-mail:

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Joinder as of the day and year first above written.

[NAME OF NEW PARTY]

By: _____
Name:
Title:

Acknowledged and agreed
as of the date first set forth above:

[•]

By: _____
Name:
Title:

SUPPORT AGREEMENT

THIS AGREEMENT made as of the 14th day of November, 2018.

BETWEEN:

Acreage Holdings, Inc., a corporation continued under the laws of the Province of British Columbia ("**Pubco**")

and

Acreage Holdings WC, Inc., a corporation incorporated under the laws of the State of Nevada ("**USCo2**").

RECITALS:

A. USCo2 is a subsidiary of Pubco and a member of the High Street Capital Partners, LLC, a limited liability company organized under the laws of Delaware (the "**LLC**").

B. On September 21, 2018, Pubco and the LLC entered into a business combination agreement (the "**Business Combination Agreement**"), relating to, among other things, certain financing activities and business combinations.

C. Pubco contributed cash to USCo2 in exchange for Class A Voting Common Shares of USCo2 (the "**Class A Shares**"). Concurrently therewith, certain members of LLC contributed their membership units in the LLC to USCo2 in exchange for Class B Non-Voting Common Shares of USCo2 (collectively, the "**Corporation Contribution**").

D. As described in the articles of incorporation of USCo2, the Class B Non-Voting Common Shares of USCo2 are redeemable or exchangeable for Subordinate Voting Shares of Pubco (the "**Pubco Shares**").

E. In connection with the foregoing, Pubco and USCo2 have agreed to execute a support agreement substantially in the form of this Agreement.

NOW THEREFORE, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

"**Agreement**" means this Support Agreement, including all recitals and schedules, as it may be amended, supplemented and/or restated in accordance with its terms. Each term denoted herein by initial capital letters and not otherwise defined in this Agreement has the respective meaning given to it in the articles of incorporation of USCo2, unless the context requires otherwise.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Including

Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

1.4 No Strict Construction

The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

1.5 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.6 Statutory References

A reference to a statute includes all registrations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

1.7 Date for Any Action

If the date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under U.S. GAAP and all determinations of an accounting nature required to be made shall be made in accordance with U.S. GAAP consistently applied.

ARTICLE 2
COVENANTS OF PUBCO

2.1 Covenants Regarding USCo2 Shares Exchangeable or Redeemable for Pubco Shares

So long as any shares of capital stock of USCo2 not owned by Pubco or its affiliates which are redeemable or exchangeable for Pubco Shares ("**Redeemable Corporation Shares**" and together with the Class A Shares, the "**USCo2 Shares**") are outstanding or any Redeemable Corporation Shares are issuable pursuant to the exercise, conversion or exchange of any outstanding securities of USCo2, Pubco will:

(a) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit USCo2, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption of Redeemable Corporation Shares by a holder thereof (a "**Redeemable Share Shareholder**") in respect of each issued and outstanding Redeemable Corporation Share upon a redemption of such Redeemable Corporation Shares by USCo2 and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit USCo2 to cause to be delivered Pubco Shares and/or amounts in cash, as applicable, to the holders of Redeemable Corporation Shares in accordance with the articles of incorporation of USCo2, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Redeemable Corporation Shares (if any);

(b) upon the election of USCo2 for Pubco to effect an exchange directly with a Redeemable Share Shareholder, take all such actions and do all things as are reasonably necessary or desirable to effect the exchange of Redeemable Corporation Shares directly with the holder thereof, in accordance with applicable law, including, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to cause to be delivered directly Pubco Shares and/or amounts in cash, as applicable, to the Redeemable Share Shareholder in accordance with the provisions of the articles of incorporation of USCo2, together with an

amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Redeemable Corporation Shares (if any); and

(c) ensure that USCo2 is not voluntarily liquidated, dissolved or wound up nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of USCo2.

2.2 Reservation of Pubco Shares

Pubco hereby represents, warrants and covenants in favour of USCo2 that Pubco will, at all times while any Redeemable Corporation Shares (or other rights pursuant to which Redeemable Corporation Shares may be acquired upon the exercise, conversion or exchange thereof) other than Redeemable Corporation Shares held by Pubco or its affiliates are outstanding, authorize for issuance such number of Pubco Shares (or other shares or securities into which Pubco Shares may be reclassified or changed) without duplication: (a) as is equal to the sum of (i) the number of Redeemable Corporation Shares issued and outstanding from time to time and (ii) the number of Redeemable Corporation Shares issuable upon the exercise, conversion or exchange of all rights to acquire Redeemable Corporation Shares outstanding from time to time, in each case, excluding such Redeemable Corporation Shares and rights held by Pubco and any of its respective affiliates; and (b) as are now and may hereafter be required to enable and permit Pubco, USCo2 and their affiliates to meet their respective obligations herein. Nothing contained herein shall be construed to preclude Pubco from satisfying its obligations in respect of any redemption or exchange contemplated in Section 2.1 herein by delivery of purchased Pubco Shares (which may or may not be held in the treasury of Pubco) or the delivery of cash pursuant to a redemption or exchange of Redeemable Corporation Shares. Pubco covenants that all Pubco Shares issued upon such a redemption or exchange will, upon issuance, be validly issued, fully paid and non-assessable.

2.3 Stock Exchange Listing

Pubco covenants and agrees in favour of USCo2 that, as long as any outstanding Redeemable Corporation Shares (or other rights pursuant to which Redeemable Corporation Shares may be acquired) are owned by any Person other than Pubco or any of its affiliates, Pubco will use its reasonable efforts to maintain a listing for Pubco Shares on a stock exchange which is a designated stock exchange within the meaning of the *Income Tax Act* (Canada) and to ensure that Pubco is a "public corporation" within the meaning of the *Income Tax Act* (Canada).

2.4 Notification by Pubco of Certain Events

In order to assist USCo2 in complying with its obligations hereunder, Pubco will notify USCo2 of each of the following events at the time set forth below:

(a) promptly, upon the earlier of receipt by Pubco of notice of and Pubco otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings; and

(b) as soon as practicable upon the split, consolidation, reclassification, recapitalization or other change in the outstanding securities of Pubco and the issuance by Pubco of any Pubco Shares or rights to acquire Pubco Shares (other than the issuance of Pubco Shares and rights to acquire Pubco Shares contemplated in connection with the Business Combination Agreement).

2.5 Notification by USCo2 of Certain Events

In order to assist Pubco in complying with its obligations hereunder and to permit Pubco, if USCo2 so elects, to exercise a direct exchange of Redeemable Corporation Shares pursuant to the terms of the articles of incorporation of USCo2, USCo2 will notify Pubco of each of the following events at the time set forth below:

(a) promptly, upon the earlier of receipt by USCo2 of notice of and USCo2 otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of USCo2 or to effect any other distribution of the assets of USCo2 among its members for the purpose of winding up its affairs;

(b) immediately, upon receipt by USCo2 of a request by a Redeemable Share Shareholder to redeem such shareholder's Redeemable Corporation Shares, as contemplated in the articles of incorporation of USCo2; and

(c) as soon as practicable upon the split, consolidation, reclassification, recapitalization or other change in the outstanding securities of USCo2 and the issuance by USCo2 of any Redeemable Corporation Shares or rights to acquire Redeemable Corporation Shares (other than the issuance of Redeemable Corporation Shares and rights to acquire Redeemable Corporation Shares contemplated in connection with the Business Combination Agreement).

2.6 Delivery of Pubco Shares

In furtherance of its obligations under Sections 2.1(a) and 2.1(b), upon notice from USCo2 of any event that requires USCo2 to cause to be delivered Pubco Shares to any holder of Redeemable Corporation Shares, Pubco shall forthwith deliver, or cause to be delivered through its transfer agent or otherwise, as USCo2 may direct, the requisite number of Pubco Shares to be received by, or to the order of, the former holder of the surrendered Redeemable Corporation Shares as USCo2 shall direct, and shall if necessary, and subject to obtaining all necessary shareholder approvals (if any), issue new Pubco Shares for such purpose. All such Pubco Shares shall be duly authorized and validly issued as fully paid and non-assessable and shall be free and clear of any lien, claim and encumbrance.

2.7 Listing of Pubco Shares

Pubco will in good faith take all such reasonable actions and do all such things as are reasonably necessary or desirable to cause all Pubco Shares to be delivered hereunder to be listed, quoted or posted for trading on the CSE and any other stock exchanges and quotation systems on which outstanding Pubco Shares have been listed by Pubco and remain listed and to be quoted or posted for trading at such time (it being understood that any such Pubco Shares may be subject to transfer restrictions under applicable securities laws). Nothing in this Agreement shall require Pubco to register any securities pursuant to the *United States Securities Exchange Act of 1933*, as amended, or the *United States Securities Exchange Act of 1934*, as amended, or to register or qualify any securities for distribution under a prospectus pursuant to any applicable Canadian securities laws or United States federal securities or state "blue sky" laws.

2.8 Proceeds from Public Issuance of Pubco Shares

Except with respect to the issuance of Pubco Shares pursuant to a redemption or exchange contemplated in Section 2.1 herein, the net proceeds received by Pubco from the issuance of Pubco Shares may be contributed by Pubco to USCo2 in exchange for a number of Class A Shares equal to the number of Pubco Shares issued by Pubco. In the event that only a portion of the net proceeds received by Pubco from the issuance of Pubco Shares are contributed by Pubco to USCo2 in exchange Class A Shares, the number of Class A Shares issued to Pubco pursuant its contribution of a portion of such net proceeds shall be equal to the product of: (i) the number of Pubco Shares issued by Pubco; and (ii) the percentage of net proceeds received by Pubco in exchange therefor which are contributed by Pubco to USCo2.

2.9 Reimbursement of Expenses

The parties hereto agree that certain actions taken by Pubco will inure to the benefit of USCo2 and the shareholders of USCo2. Therefore, USCo2 will reimburse Pubco for any reasonable out-of-pocket expenses incurred on behalf of USCo2, including all fees, expenses and costs of becoming and being a public company (including expenses incurred in connection with public reporting obligations, information circulars, shareholder meetings, stock exchange fees, transfer agent fees, securities commission filing fees and offering expenses, including investment banking, brokerage or finder's fees) and maintaining its corporate existence.

2.10 Tender Offers

So long as any Redeemable Corporation Shares not owned by Pubco or its affiliates are outstanding, in the event that a tender offer, share exchange offer, issuer bid, take-over bid, arrangement, business combination or similar transaction with respect to Pubco Shares (an "**Offer**") is proposed by Pubco or is proposed to Pubco or its shareholders and is recommended by the board of directors of Pubco, or is otherwise effected or to be effected with the consent or approval of the board of directors of Pubco, and the Redeemable Corporation Shares are not redeemed by USCo2 or purchased by Pubco pursuant to the terms of the articles of incorporation of USCo2, Pubco will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Redeemable Corporation Shares (other than Pubco and its affiliates) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Pubco Shares, without discrimination. Without limiting the generality of the foregoing, Pubco will use its reasonable efforts in good faith to ensure that holders of Redeemable Corporation Shares may participate in each such Offer without being required to redeem Redeemable Corporation Shares against USCo2 (or, if so required, to ensure that any such redemption, shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer).

2.11 Ordinary Market Purchases

For greater certainty, nothing contained in this Agreement shall limit the ability of Pubco (or any of its subsidiaries, including without limitation, USCo2) to make ordinary market purchases of Pubco Shares in accordance with applicable laws and regulatory and stock exchange requirements.

ARTICLE 3
PUBCO SUCCESSORS

3.1 Certain Requirements in Respect of Combination, etc.

As long as any outstanding Redeemable Corporation Shares are owned by any Person other than Pubco or any of its affiliates, Pubco shall not consummate any transaction (whether by way of reconstruction, recapitalization, reorganization, consolidation, arrangement, merger, amalgamation, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or of the continuing corporation resulting therefrom unless:

(a) such other Person or continuing corporation (the "**Pubco Successor**") by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, before or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary or advisable to evidence the assumption by Pubco Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Pubco Successor to pay and deliver or cause to be paid and delivered the same and its agreement to observe and perform all the covenants and obligations of Pubco under this Agreement; and

(b) such transaction shall be upon such terms and conditions as to substantially preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or the holders of Redeemable Corporation Shares.

3.2 Vesting of Powers in Successor

Whenever the conditions of Section 3.1 have been duly observed and performed, the parties, if required by Section 3.1, shall execute and deliver the supplemental agreement provided for in Section 3.1(a) and thereupon Pubco Successor shall possess and from time to time may exercise each and every right and power of Pubco under this Agreement in the name of Pubco or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of Pubco or any officers of Pubco may and shall be done and performed with like force and effect by the directors or officers of such Pubco Successor.

3.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing the amalgamation or merger of any wholly-owned direct or indirect subsidiary of Pubco (other than USCo2) with or into Pubco or the winding-up, liquidation or dissolution of any wholly-owned direct or indirect subsidiary of Pubco (other than USCo2) (provided that all of the assets of such subsidiary are transferred to Pubco or another wholly-owned direct or indirect subsidiary of Pubco) or any other distribution of the assets of any wholly-owned direct or indirect subsidiary (other than USCo2) of Pubco among the shareholders or members of such subsidiary for the purpose of winding up its affairs, and any such transactions are expressly permitted by this Article 3.

ARTICLE 4
GENERAL

4.1 Term

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Redeemable Corporation Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Redeemable Corporation Shares) are held by any Person other than Pubco or any of its affiliates.

4.2 Changes in Capital of Pubco and USCo2

(a) In the event of a reclassification, consolidation, split, dividend of securities or other recapitalization of Pubco Shares or USCo2 Shares, Pubco and USCo2, as applicable, shall undertake all actions necessary and appropriate to maintain the same ratios between the number Pubco Shares and the number of USCo2 Shares issued and outstanding immediately prior to any such reclassification, consolidation, split, dividend of securities or other recapitalization, including, without limitation, also effecting a reclassification, consolidation, split, dividend of securities or other recapitalization with respect to, as applicable, the Pubco Shares and USCo2 Shares.

(b) At all times after the occurrence of any event as a result of which Pubco Shares or USCo2 Shares (or any combination of the foregoing) are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to all new securities into which Pubco Shares or USCo2 Shares (or any combination of the foregoing) are so changed and the parties hereto shall execute and deliver an agreement in writing evidencing such necessary amendments and modifications.

4.3 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.4 Amendments, Modifications

(a) Subject to Sections 4.2, 4.3 and 4.5, this Agreement may not be amended or modified except by an agreement in writing executed by USCo2 and Pubco and approved by the holders of a majority of the outstanding Redeemable Corporation Shares in accordance with the terms of the articles of incorporation of USCo2.

(b) No amendment or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

4.5 Ministerial Amendments

Notwithstanding the provisions of Section 4.4, the parties to this Agreement may in writing at any time and from time to time, without the approval of the holders of Redeemable Corporation Shares, amend or modify this Agreement for the purposes of:

(a) adding to the covenants of any or all parties if the board of directors of USCo2 and the board of directors of Pubco shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the holders of Redeemable Corporation Shares, as a whole other than Pubco and its affiliates;

(b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the board of directors of USCo2 and the board of directors of Pubco, it may be expedient to make, provided that each such board of directors shall be of the good faith opinion that such amendments or modifications will not be prejudicial to the interests of the holders of Redeemable Corporation Shares as a whole other than Pubco and its affiliates; or

(c) making such changes or corrections which, on the advice of counsel to USCo2 and Pubco, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the board of directors of USCo2 and the board of directors of Pubco shall be of the good faith opinion that such changes or corrections will not be prejudicial to the interests of the holders of Redeemable Corporation Shares as a whole other than Pubco and its affiliates.

4.6 Meeting to Consider Amendments

USCo2, at the request of Pubco, shall submit to the holders of Class A Shares a written consent or otherwise call a meeting of the holders of Class A Shares, for the purpose of considering any proposed amendment or modification requiring approval under Section 4.4. Any such meeting or meetings shall be called and held in accordance with the articles of incorporation of USCo2 and all applicable laws.

4.7 Affiliates

It is hereby acknowledged by the parties that references herein to affiliates of Pubco or USCo2 shall not include for the purpose of such references holders of Multiple Voting Shares and Proportionate Voting Shares of Pubco.

4.8 Enurement & Assignment

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns; *provided* that any attempted assignment of the rights and obligations of this Agreement by any party hereto to a third-party shall be null and void *ab initio* unless the requirements of Article III are satisfied in connection with such assignment.

4.9 Notices to Parties

All notices and other communications between the parties to this Agreement shall be in writing and shall be deemed to have been given if delivered personally or by electronic communication to the parties at the following addresses (or at such other address for any such party as shall be specified in like notice):

(a) if to Pubco, at:

Attention: Corey Sheahan Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor New York, NY 10017
Telephone: 414 248-2769
c.sheahan@acreageholdings.com

(b) if to USCo2, at:

Attention: Corey Sheahan Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor New York, NY 10017 Telephone: 414 248-2769 c.sheahan@acreageholdings.com

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof and if given by electronic communication shall be deemed to have been given and received on the date of receipt thereof unless such day is not a Business Day or the notice or other communication was sent after 5:00 p.m. (Pacific Time), in which case it shall be deemed to have been given and received upon the immediately following Business Day.

4.10 Counterparts

This Agreement, may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

4.11 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

4.12 Attornment

Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of British Columbia, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction and USCo2 hereby appoints Pubco at its registered office in the Province of British Columbia as attorney for service of process.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ACREAGE HOLDINGS, INC.

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: Chief Executive Officer

ACREAGE HOLDINGS WC, INC.

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: President

SUPPORT AGREEMENT

THIS AGREEMENT made as of the 14th day of November, 2018.

BETWEEN:

Acreage Holdings, Inc., a corporation continued under the laws of the Province of British Columbia ("**Pubco**")

and

Acreage Holdings America, Inc., a corporation incorporated under the laws of the State of Nevada ("**USCo**")

and

High Street Capital Partners, LLC, a limited liability company organized under the laws of the State of Delaware (the "**LLC**").

RECITALS:

A. USCo is a wholly-owned subsidiary of Pubco and a member, and the sole manager, of the LLC.

B. On September 21, 2018, Pubco and the LLC entered into a business combination agreement (the "**Business Combination Agreement**") relating to, among other things, certain financing activities and business combinations.

C. Certain members of the LLC contributed their membership units in the LLC and cash to USCo in exchange for Class A Voting Common Shares of USCo (the "**Class A Shares**"), Class B Voting Common Shares of USCo and Class C Voting Common Shares of USCo (collectively, the "**USCo Shares**").

D. Immediately prior to entering into this Agreement, the members of the LLC adopted the third amended and restated limited liability company agreement of the LLC (the "**A&R LLC Agreement**"), pursuant to which (i) USCo was appointed as the sole manager of the LLC, and (ii) the aggregate outstanding Class A Membership Units, Class B Membership Units, Class C Membership Units, Class D Membership Units and Class E Membership Units were recapitalized for common units of the LLC ("**Common Units**") which have certain exchange and redemption rights as provided in, and subject to the limitations of, the A&R LLC Agreement (the "**Recapitalization**").

E. As described in the A&R LLC Agreement, Common Units are exchangeable or redeemable for Subordinate Voting Shares of Pubco (the "**Pubco Shares**").

F. Concurrently herewith, the LLC, USCo, and the certain members of the LLC entered into a tax receivable agreement dated as of even date herewith (the "**Tax Receivable Agreement**") pursuant to which USCo undertook certain obligations to pay certain sums to the other members of the LLC which are party to such Tax Receivable Agreement upon the occurrence of certain events as stated therein.

G. In connection with the Business Combination Agreement and the Tax Receivable Agreement, Pubco, USCo and the LLC have agreed to execute a support agreement substantially in the form of this Agreement.

NOW THEREFORE, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

"**Agreement**" means this Support Agreement, including all recitals and schedules, as it may be amended, supplemented and/or restated in accordance with its terms. Each term denoted herein by initial capital letters and not otherwise defined in this Agreement has the respective meaning given to it in the A&R LLC Agreement, unless the context requires otherwise.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Including

Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

1.4 No Strict Construction

The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

1.5 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.6 Statutory References

A reference to a statute includes all registrations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

1.7 Date for Any Action

If the date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under U.S. GAAP and all determinations of an accounting nature required to be made shall be made in accordance with U.S. GAAP consistently applied.

ARTICLE 2
COVENANTS OF PUBCO

2.1 Covenants Regarding Common Units Exchangeable or Redeemable for Pubco Shares

So long as any Common Units not owned by USCo, Acreage Holdings WC, Inc. ("**USCo2**") or their respective affiliates are outstanding or Common Units are issuable pursuant to the exercise, conversion or exchange of any outstanding securities of the LLC, Pubco will:

(a) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit the LLC, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption of Common Units by a holder thereof (a "**Unitholder**") in respect of each issued and outstanding Common Unit upon a redemption of such Common Unit by the LLC and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit the LLC to cause to be delivered Pubco Shares and/or amounts in cash, as applicable, to the holders of Common Units in accordance with the provisions of the A&R LLC Agreement, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Common Units (if any);

(b) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit USCo, if it elects to effect an exchange of Common Units directly with the holder thereof, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of the exchange of the Common Units by the Unitholder, and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit USCo to cause to be delivered Pubco Shares and/or amounts in cash, as applicable, to the Unitholder in accordance with the provisions of the A&R LLC Agreement, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Common Units (if any);

(c) upon the election of USCo for Pubco to effect an exchange directly with a Unitholder, take all such actions and do all things as are reasonably necessary or desirable to effect the exchange of Common Units directly with the holder thereof, in accordance with applicable law, including, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to cause to be delivered directly Pubco Shares and/or amounts in cash, as applicable, to the Unitholder in accordance with the provisions of the A&R LLC Agreement, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Common Units (if any); and

(d) ensure that USCo does not exercise its vote as the manager of the LLC to initiate the voluntary liquidation, dissolution or winding up of the LLC nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of the LLC.

2.2 Reservation of Pubco Shares

Pubco hereby represents, warrants and covenants in favour of the LLC and USCo that Pubco will, at all times while any Common Units (or other rights pursuant to which Common Units may be acquired upon the exercise, conversion or exchange thereof) other than Common Units held by USCo, USCo2 or their respective affiliates are outstanding, authorize for issuance such number of Pubco Shares (or other shares or securities into which Pubco Shares may be reclassified or changed) without duplication: (a) as is equal to the sum of (i) the number of Common Units issued and outstanding from time to time and (ii) the number of Common Units issuable upon the exercise, conversion or exchange of all rights to acquire Common Units outstanding from time to time, in each case, excluding such Common Units and rights held by USCo, USCo2 and any of their respective affiliates; and (b) as are now and may hereafter be required to enable and permit Pubco and its affiliates to meet their respective obligations herein, to enable and permit USCo to meet its obligations under each of the A&R LLC Agreement and the Tax Receivable Agreement with respect to the delivery of Pubco Shares and cash payments contemplated under the Tax Receivable Agreement and to enable and permit the LLC to meet its obligations under the A&R LLC Agreement.

Nothing contained herein shall be construed to preclude Pubco from satisfying its obligations in respect of any redemption or exchange contemplated in Section 2.1 herein by delivery of purchased Pubco Shares (which may or may not be held in the treasury of Pubco) or the delivery of cash pursuant to a redemption or exchange of Common Units. Pubco covenants that all Pubco Shares issued upon such a redemption or exchange will, upon issuance, be validly issued, fully paid and non-assessable.

2.3 Stock Exchange Listing

Pubco covenants and agrees in favour of the LLC and USCo that, as long as any outstanding Common Units (or other rights pursuant to which Common Units may be acquired) are owned by any Person other than USCo, USCo2 or any of their respective affiliates, Pubco will use its reasonable efforts to maintain a listing for Pubco Shares on a stock exchange which is a designated stock exchange within the meaning of the *Income Tax Act* (Canada) and to ensure that Pubco is a "public corporation" within the meaning of the *Income Tax Act* (Canada).

2.4 Notification by Pubco of Certain Events

In order to assist USCo and the LLC in complying with their respective obligations hereunder, Pubco will notify the LLC and USCo of each of the following events at the time set forth below:

(a) promptly, upon the earlier of receipt by Pubco of notice of and Pubco otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings; and

(b) as soon as practicable upon the split, consolidation, reclassification, recapitalization or other change in the outstanding securities of Pubco and the issuance by Pubco of any Pubco Shares or rights to acquire Pubco Shares (other than the issuance of Pubco Shares and rights to acquire Pubco Shares contemplated in connection with the Business Combination Agreement).

2.5 Notification by the LLC of Certain Events

In order to assist Pubco in complying with its obligations hereunder and to permit USCo and/or Pubco, if USCo so elects, to exercise a direct exchange of Common Units pursuant to the terms of the A&R LLC Agreement, the LLC will notify Pubco and USCo of each of the following events at the time set forth below:

(a) promptly, upon the earlier of receipt by the LLC of notice of and the LLC otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of the LLC or to effect any other distribution of the assets of the LLC among its members for the purpose of winding up its affairs;

(b) immediately, upon receipt by the LLC of a request by a Unitholder to redeem such Unitholder's Common Units, as contemplated in the A&R LLC Agreement; and

(c) as soon as practicable upon the split, consolidation, reclassification, recapitalization or other change in the outstanding securities of the LLC and the issuance by the LLC of any Common Units or rights to acquire Common Units (other than the issuance of Common Units and rights to acquire Common Units contemplated in connection with the Business Combination Agreement).

2.6 Delivery of Pubco Shares

In furtherance of its obligations under Sections 2.1(a), 2.1(b) and 2.1(c), upon notice from the LLC or USCo of any event that requires the LLC or USCo to cause to be delivered Pubco Shares to any holder of Common Units, Pubco shall forthwith deliver, or cause to be delivered through its transfer agent or otherwise, as the LLC or USCo may direct, the requisite number of Pubco Shares to be received by, or to the order of, the former holder of the surrendered Common Units as the LLC or USCo shall direct, and shall if necessary, and subject to obtaining all necessary shareholder approvals (if any), issue new Pubco Shares for such purpose. All such Pubco Shares shall be duly authorized and validly issued as fully paid and non-assessable and shall be free and clear of any lien, claim and encumbrance.

2.7 Listing of Pubco Shares

Pubco will in good faith take all such reasonable actions and do all such things as are reasonably necessary or desirable to cause all Pubco Shares to be delivered hereunder to be listed, quoted or posted for trading on the CSE and any other stock exchanges and quotation systems on which outstanding Pubco Shares have been listed by Pubco and remain listed and are quoted or posted for trading at such time (it being understood that any such Pubco Shares may be subject to transfer restrictions under applicable securities laws). Nothing in this Agreement shall require Pubco to register any securities pursuant to the *United States Securities Exchange Act of 1933*, as amended, or the *United States Securities Exchange Act of 1934*, as amended, or to register or qualify any securities for distribution under a prospectus pursuant to any applicable Canadian securities laws or United States federal securities or state "blue sky" laws.

2.8 Proceeds from Public Issuance of Pubco Shares

Except with respect to the issuance of Pubco Shares pursuant to a redemption or exchange contemplated in Section 2.1 herein, the net proceeds received by Pubco from the issuance of Pubco Shares may be contributed by Pubco to USCo in exchange for a number of Class A Shares equal to the number of Pubco Shares issued by Pubco. In the event that only a portion of the net proceeds received by Pubco from the issuance of Pubco Shares are contributed by Pubco to USCo in exchange for Class A Shares, the number of Class A Shares issued to Pubco pursuant its contribution of a portion of such net proceeds shall be equal to the product of: (i) the number of Pubco Shares issued by Pubco; and (ii) the percentage of net proceeds received by Pubco in exchange therefor which are contributed by Pubco to USCo.

2.9 Reimbursement of Expenses

The parties hereto agree that certain actions taken by Pubco will inure to the benefit of USCo, the LLC and the members of the LLC. Therefore, USCo (and, to the extent provided in the A&R LLC Agreement, the LLC) will reimburse Pubco for any reasonable out-of-pocket expenses incurred on behalf of USCo or the LLC, including all fees, expenses and costs of becoming and being a public company (including expenses incurred in connection with public reporting obligations, information circulars, shareholder meetings, stock exchange fees, transfer agent fees, securities commission filing fees and offering expenses, including investment banking, brokerage or finder's fees) and maintaining its corporate existence.

2.10 Tender Offers

So long as any Common Units not owned by USCo, USCo2 or their respective affiliates are outstanding, in the event that a tender offer, share exchange offer, issuer bid, take-over bid, arrangement, business combination or similar transaction with respect to Pubco Shares (an "**Offer**") is proposed by Pubco or is proposed to Pubco or its shareholders and is recommended by the board of directors of Pubco, or is otherwise effected or to be effected with the consent or approval of the board of directors of Pubco, and the Common Units are not redeemed by the LLC or purchased by USCo or Pubco pursuant to the terms of the A&R LLC Agreement, Pubco will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Common Units (other than USCo, USCo2 and their respective affiliates) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Pubco Shares, without discrimination. Without limiting the generality of the foregoing, Pubco will use its reasonable efforts in good faith to ensure that holders of Common Units may participate in each such Offer without being required to redeem Common Units as against the LLC (or, if so required, to ensure that any such redemption, shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer).

2.11 Ordinary Market Purchases

For greater certainty, nothing contained in this Agreement shall limit the ability of Pubco (or any of its subsidiaries, including without limitation, USCo or the LLC) to make ordinary market purchases of Pubco Shares in accordance with applicable laws and regulatory and stock exchange requirements.

ARTICLE 3
PUBCO SUCCESSORS

3.1 Certain Requirements in Respect of Combination, etc.

As long as any outstanding Common Units are owned by any Person other than USCo, USCo2 or any of their respective affiliates, Pubco shall not consummate any transaction (whether by way of reconstruction, recapitalization, reorganization, consolidation, arrangement, merger, amalgamation, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or of the continuing corporation resulting therefrom unless:

(a) such other Person or continuing corporation (the "**Pubco Successor**") by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, before or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary or advisable to evidence the assumption by Pubco Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Pubco Successor to pay and deliver or cause to be paid and delivered the same and its agreement to observe and perform all the covenants and obligations of Pubco under this Agreement; and

(b) such transaction shall be upon such terms and conditions as to substantially preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or the holders of the Common Units.

3.2 Vesting of Powers in Successor

Whenever the conditions of Section 3.1 have been duly observed and performed, the parties, if required by Section 3.1, shall execute and deliver the supplemental agreement provided for in Section 3.1(a) and thereupon Pubco Successor shall possess and from time to time may exercise each and every right and power of Pubco under this Agreement in the name of Pubco or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of Pubco or any officers of Pubco may and shall be done and performed with like force and effect by the directors or officers of such Pubco Successor.

3.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing the amalgamation or merger of any wholly-owned direct or indirect subsidiary of Pubco (other than USCo and the LLC) with or into Pubco or the winding-up, liquidation or dissolution of any wholly-owned direct or indirect subsidiary of Pubco (other than USCo and the LLC) (provided that all of the assets of such subsidiary are transferred to Pubco or another wholly-owned direct or indirect subsidiary of Pubco) or any other distribution of the assets of any wholly-owned direct or indirect subsidiary (other than USCo and the LLC) of Pubco among the shareholders or members of such subsidiary for the purpose of winding up its affairs, and any such transactions are expressly permitted by this Article 3.

ARTICLE 4
GENERAL

4.1 Term

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Common Units (or securities or rights convertible into or exchangeable for or carrying rights to acquire Common Units) are held by any Person other than USCo, USCo2 or Pubco or any of their respective affiliates.

4.2 Changes in Capital of Pubco, USCo and the LLC

(a) In the event of a reclassification, consolidation, split, dividend of securities or other recapitalization of Pubco Shares, the USCo Shares or Common Units, Pubco, USCo and the LLC, as applicable, shall undertake all actions necessary and appropriate to maintain the same ratios between the number Pubco Shares, the number of USCo Shares and the number Common Units issued and outstanding immediately prior to any such reclassification, consolidation, split, dividend of securities or other recapitalization, including, without limitation, also effecting a reclassification, consolidation, split, dividend of securities or other recapitalization with respect to, as applicable, the Pubco Shares, USCo Shares and Common Units.

(b) At all times after the occurrence of any event as a result of which Pubco Shares, USCo Shares or Common Units (or any combination of the foregoing) are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to all new securities into which Pubco Shares, USCo Shares or Common Units (or any combination of the foregoing) are so changed and the parties hereto shall execute and deliver an agreement in writing evidencing such necessary amendments and modifications.

4.3 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.4 Amendments, Modifications

(a) Subject to Sections 4.2, 4.3 and 4.5, this Agreement may not be amended or modified except by an agreement in writing executed by the LLC, USCo and Pubco and approved by the holders of a majority of the outstanding Common Units in accordance with the terms of the A&R LLC Agreement and the holders of a majority of the outstanding USCo Shares in accordance with the terms of the articles of incorporation of USCo.

(b) No amendment or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

4.5 Ministerial Amendments

Notwithstanding the provisions of Section 4.4, the parties to this Agreement may in writing at any time and from time to time, without the approval of the holders of the Common Units or the USCo Shares, amend or modify this Agreement for the purposes of:

(a) adding to the covenants of any or all parties if the manager of the LLC, the board of directors of USCo and the board of directors of Pubco shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the holders of the Common Units, as a whole other than Pubco and its affiliates;

(b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the manager of the LLC, the board of directors of USCo and the board of directors of Pubco, it may be expedient to make, provided that each such manager or board of directors, as the case may be, shall be of the good faith opinion that such amendments or modifications will not be prejudicial to the interests of the holders of the Common Units as a whole other than Pubco and its affiliates; or

(c) making such changes or corrections which, on the advice of counsel to the LLC, USCo and Pubco, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the manager of the LLC, the board of directors of USCo and the board of directors of Pubco shall be of the good faith opinion that such changes or corrections will not be prejudicial to the interests of the holders of the Common Units as a whole other than Pubco and its affiliates.

4.6 Meeting to Consider Amendments

The LLC, at the request of Pubco, shall submit to the holders of the Common Units a written consent or otherwise call a meeting of the holders of Common Units, and USCo, at the request of Pubco, shall submit to the holders of the USCo Shares a written consent or otherwise call a meeting of the holders of USCo Shares, for the purpose of considering any proposed amendment or modification requiring approval under Section 4.4. Any such meeting or meetings shall be called and held in accordance with the A&R LLC Agreement of the LLC or the articles of incorporation of USCo, as applicable, and all applicable laws.

4.7 Affiliates

It is hereby acknowledged by the parties that references herein to affiliates of Pubco, USCo, USCo2 or the LLC shall not include for the purpose of such references holders of Multiple Voting Shares and Proportionate Voting Shares of Pubco.

4.8 Enurement & Assignment

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns; *provided* that any attempted assignment of the rights and obligations of this Agreement by any party hereto to a third-party shall be null and void *ab initio* unless the requirements of Article III are satisfied in connection with such assignment.

4.9 Notices to Parties

All notices and other communications between the parties to this Agreement shall be in writing and shall be deemed to have been given if delivered personally or by electronic communication to the parties at the following addresses (or at such other address for any such party as shall be specified in like notice):

(a) if to Pubco, at:

Attention: Corey Sheahan
Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor
New York, NY 10017
Telephone: 414 248-2769
c.sheahan@acreageholdings.com

(b) if to the LLC, at:

Attention: Corey Sheahan
Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor
New York, NY 10017
Telephone: 414 248-2769
c.sheahan@acreageholdings.com

(c) if to USCo, at:

Attention: Corey Sheahan
Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor
New York, NY 10017
Telephone: 414 248-2769
c.sheahan@acreageholdings.com

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof and if given by electronic communication shall be deemed to have been given and received on the date of receipt thereof unless such day is not a Business Day or the notice or other communication was sent after 5:00 p.m. (Pacific Time), in which case it shall be deemed to have been given and received upon the immediately following Business Day.

4.10 Counterparts

This Agreement, may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

4.11 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

4.12 Attornment

Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of British Columbia, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction and each of the LLC and USCo hereby appoints Pubco at its registered office in the Province of British Columbia as attorney for service of process.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ACREAGE HOLDINGS, INC.

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: Chief Executive Officer

ACREAGE HOLDINGS AMERICA, INC.

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: Chief Executive Officer

HIGH STREET CAPITAL PARTNERS, LLC
by, **Acreage Holdings America, Inc.**, its sole Manager

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: Chief Executive Officer of Acreage Holdings America, Inc., the sole manager of High Street Capital Partners, LLC

NOTICE OF CHANGE IN CORPORATE STRUCTURE

Pursuant to Section 4.9 of National Instrument 51-102 Continuous Disclosure Obligations

1. Names of the Parties to the Transaction

Acreage Holdings, Inc. (formerly, Applied Inventions Management Corp.) ("**Acreage**" or the "**Company**"), High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("**HSCP**"), Acreage Finco B.C. Ltd. ("**Finco**") and HSCP Merger Corp. ("**MergerCo**").

2. Description of the Transaction

On November 14, 2018, Acreage completed a business combination with HSCP (the "**Business Combination**"). In connection with the Business Combination, Acreage, Finco and MergerCo entered into an amalgamation agreement, pursuant to which MergerCo and Finco amalgamated and the amalgamated entity became a wholly-owned subsidiary of Acreage (the "**Amalgamation**"). Prior to the completion of the Amalgamation, Acreage continued from Ontario to British Columbia (the "**Continuance**") and completed certain corporate steps in connection with the Continuance, including changing the Company's name from "Applied Inventions Management Corp." to "Acreage Holdings, Inc." (the "**Name Change**") and restructuring its share capital to, among other things, subdivide its existing class B multiple voting shares on the basis of one and one-half class B multiple voting shares for each existing class B multiple voting share, re-designate its existing class A subordinate voting shares and class B multiple voting shares as subordinate voting shares ("**Subordinate Voting Shares**"), consolidate its existing class A subordinate voting shares and its class B multiple voting shares on the basis of one Subordinate Voting Share for each 350 existing class A subordinate voting shares or 350 existing class B multiple voting shares, as applicable, and create two new classes of shares, being the class B proportionate voting shares (the "**Proportionate Voting Shares**") and C multiple voting shares (the "**Multiple Voting Shares**"). In connection with the Amalgamation, the 12,566,144 subscription receipts issued by Finco in contemplation of the Business Combination (the "**Offering**") were ultimately exchanged for 12,566,144 Subordinate Voting Shares. Immediately following completion of the Business Combination, the outstanding shares of Acreage consisted of (i) 21,443,042 Subordinate Voting Shares, (ii) 1,445,887 Proportionate Voting Shares, and (iii) 168,000 Multiple Voting Shares.

3. Effective date of the Transaction

November 14, 2018.

4. Names of each Party, if any, that ceased to be a Reporting Issuer subsequent to the Transaction and of each Continuing Entity

Acreage continues to be reporting issuer in Ontario. No party ceased to be a reporting issuer.

5. Date of the Reporting Issuer's First Financial Year-End Subsequent to the Transaction

December 31, 2018.

6. Periods, including the comparative periods, if any, of the interim and annual financial statements required to be filed for the reporting issuer's first financial year subsequent to the Transaction

In connection with the Business Combination, Acreage changed its year end from August 31 to December 31. Acreage will file annual financial statements for the year ended December 31, 2018, on or before April 30, 2019, interim financial statements for the three months ended March 31, 2019 on or before May 30, 2019, interim financial statements for the six months ended June 30, 2019 on or before August 29, 2019, interim financial statements for the nine months ended September 30, 2019 on or before November 29, 2019 and annual financial statements for the year ended December 31, 2019, on or before April 30, 2020. In addition, on or before November 29, 2018, Acreage will file interim financial statements of HSCP for the nine months ended September 30, 2018.

7. Documents filed under NI 51-102 Continuous Disclosure Obligations that describe the Transaction

The following documents describing the transaction were filed on SEDAR at *www.sedar.com* under Acreage's profile:

a) press release dated September 21, 2018, announcing the proposed Business Combination and execution of a definitive agreement dated September 21, 2018 in connection with same (the "**Definitive Agreement**");
b) the Definitive Agreement;
c) material change report dated September 21, 2018 relating to the announcement of the Business Combination and execution of the Definitive Agreement;
d) press release dated November 13, 2018, announcing the completion of the Offering, the Continuance, the Name Change and related corporate matters;
e) press release dated November 14, 2018, announcing the completion of the Business Combination;
f) Form 2A Listing Statement dated November 14, 2018; and
g) material change report dated November 20, 2018 relating to the completion of the Business Combination.

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Acreage Holdings, Inc. (formerly, Applied Inventions Management Corp.)
("**Acreage**" or the "**Company**")
366 Madison Avenue, 11th Floor
New York, NY 10017

Item 2. Date of Material Change

November 14, 2018

Item 3. News Release

News releases disseminated on November 14, 2018 via a Canadian news wire service and filed on SEDAR.

Item 4. Summary of Material Change

On November 14, 2018, Acreage completed its business combination (the "**Business Combination**") with High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("**HSCP**").

Item 5. Full Description of Material Change

On November 14, 2018, Acreage completed its Business Combination with HSCP. In connection with the Business Combination, among other things, the 12,566,144 subscription receipts (the "**Subscription Receipts**") issued by Acreage Finco B.C. Ltd. in contemplation of the Business Combination (the "**Offering**") were ultimately exchanged for 12,566,144 Class A subordinate voting shares of Acreage (the "**Subordinate Voting Shares**"). The Business Combination was completed in the manner described in Acreage's listing statement (the "**Listing Statement**") filed on November 14, 2018 with the Canadian Securities Exchange ("**CSE**"), a copy of which is attached hereto as Schedule "A" and is also available under Acreage's profile on www.sedar.com.

As part of the Business Combination, Acreage implemented a multiple class share structure such that the outstanding shares of Acreage upon completion of the Business Combination consisted of (i) 21,443,042 Subordinate Voting Shares, (ii) 1,445,887 class B proportionate voting shares (the "**Proportionate Voting Shares**"), and (iii) 168,000 class C multiple voting shares (the "**Multiple Voting Shares**"). Each Subordinate Voting Share carries the right to one vote per share on all matters voted on by shareholders of Acreage, each Proportionate Voting Share carries 40 votes per Proportionate Voting Share on all matters voted on by shareholders of Acreage, and each Multiple Voting Share carries with it 3,000 votes per Multiple Voting Share on all matters voted on by the shareholders of

Acreage. All of the Multiple Voting Shares are held or controlled by Kevin Murphy, Acreage's Chief Executive Officer.

In connection with the Business Combination, Acreage's officers and directors were replaced such that, among other things, the officers of Acreage are: Kevin Murphy, Chief Executive Officer, George Allen, President, Glen Leibowitz, Chief Financial Officer, Robert Daino, Chief Operating Officer, James A. Doherty, General Counsel & Secretary and Harris Damashek, Chief Marketing Officer, and the board of directors of Acreage consist of: John Boehner, former Speaker of the House of Representatives, Brian Mulroney, former Prime Minister of Canada, Bill Weld, former Massachusetts Governor, Larissa Herda, former Chairman and Chief Executive Officer of TW Telecom, Douglas Maine, former Chief Financial Officer of IBM, Bill Van Faasen, Chair Emeritus of Blue Cross and Blue Shield of Massachusetts, Inc., and Kevin Murphy, Chief Executive Officer of Acreage.

Certain proceeds from the Offering of the Subscription Receipts were placed into escrow (the "**Escrowed Proceeds**") upon completion of the Offering as disclosed in Acreage's press release dated November 13, 2018. The Escrowed Proceeds were released from escrow and ultimately received by Acreage and its subsidiaries in connection with the consummation of the Business Combination.

Acreage received conditional approval from the CSE for the listing of its Subordinate Voting Shares, which commenced trading on the CSE under the ticker symbol "ACRGU" at market open on November 15, 2018. The Proportionate Voting Shares and the Multiple Voting Shares will not be listed on the CSE and the conversion of such securities into Subordinate Voting Shares is governed by Acreage's Articles.

Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not Applicable.

Item 7. Omitted Information

No information has been omitted from this Material Change Report.

Item 8. Senior Officer

The following senior officer of the Company is knowledgeable about the material change and the Material Change Report, and may be contacted by the Commission as follows:

Glen Leibowitz, Chief Financial Officer Telephone: 646.491.6347

Item 9. Date of Report

November 20, 2018.

Schedule "A" Listing Statement

See attached.

ACREAGE HOLDINGS, INC.

CSE FORM 2A LISTING STATEMENT

November 14, 2018

Acreage Holdings, Inc. will derive a substantial portion of its consolidated revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Acreage Holdings, Inc. will be indirectly involved (through High Street Capital Partners, LLC) in the cannabis industry in the United States where local state laws permit such activities. Currently, High Street Capital Partners, LLC and its licensed subsidiaries are directly engaged in the manufacture, possession, use, sale or distribution of cannabis in the adult-use and medical cannabis marketplaces in various U.S. states.

The United States federal government regulates drugs through the *Controlled Substances Act* (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any indication.

In the United States, cannabis is largely regulated at the state level. State laws that permit and regulate the production, distribution and use of cannabis for adult-use or medical purposes are in direct conflict with the federal *Controlled Substances Act*, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law, including in jurisdictions in which the production, distribution and use of cannabis is permitted under state law. U.S. Attorney General Jeff Sessions resigned on November 7, 2018. As of his resignation, Matthew Whitaker is the acting U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the *Controlled Substances Act* with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, Acreage Holdings, Inc.'s business, results of operations, financial condition and prospects would be materially adversely affected.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published a staff notice (Staff Notice 51-352) setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

Please see the table of concordance under Trends, Commitments, Events or Uncertainties in Section 3.3 for further information on the material facts, risks and uncertainties related to U.S. issuers with cannabis-related activities.

See Section 17 of this Listing Statement - Risk Factors for additional information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Listing Statement contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("**forward-looking statements**"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Resulting Issuer (as defined herein). In addition, the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Resulting Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Resulting Issuer that address activities, events or developments that the Resulting Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the RTO (as defined herein); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Resulting Issuer after the date of this Listing Statement, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Resulting Issuer's business, operations and plans; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Resulting Issuer operates; expectations for other economic, business, regulatory and/or competitive factors related to the Resulting Issuer or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Resulting Issuer are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Resulting Issuer at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the available funds of the Resulting Issuer and the anticipated use of such funds; the availability of financing opportunities, legal and regulatory risks inherent in the cannabis industry, risks associated with economic conditions, dependence on management and currency risk; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third-party service providers; risks related to the enforceability of contracts; reliance on the expertise and judgment of senior management of the Resulting Issuer; risks related to proprietary intellectual property and potential infringement by third parties; the concentrated voting control of the Resulting Issuer's Founder and the unpredictability caused by the anticipated capital structure; risks relating to the management of growth; increased costs associated with the Resulting Issuer becoming a publicly traded company; increasing competition in the industry; risks inherent in an agricultural business; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; the limited market for securities of the Resulting Issuer; limited research and data relating to cannabis; as well as those risk factors discussed in Section 17 of this Listing Statement below and as described from time to time in documents filed by the Resulting Issuer with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Resulting Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences or effects.

Although Acreage Holdings (as defined herein) and Pubco (as defined herein) have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements are provided and made as of the date of this Listing Statement and none of the Resulting Issuer, Acreage Holdings or Pubco undertakes any obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation. See "*Risk Factors*".

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1. ABOUT THIS LISTING STATEMENT

1.1 Glossary of Terms

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Listing Statement. Terms and abbreviations used in the financial statements appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**1940 Act**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**22nd and Burn**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**A&R LLC Agreement**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Acreage Acquisitions**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Acreage Holdings**" refers to High Street Capital Partners, LLC;

"**Acreage Holdings Members**" means the members of Acreage Holdings;

"**Acreage Holdings Notes**" means the senior secured convertible notes of Acreage Holdings dated as of, on, or about, November 27, 2017;

"**Acreage Holdings Units**" means the Class A, Class B, Class C, Class C-1, Class D and Class E units in the capital of Acreage Holdings outstanding from time to time;

"**Acreage Holdings Warrants**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Acreage ND**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Acreage Support Agreement**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Affiliate**" means a corporation that is affiliated with another corporation as described below. A corporation is an "**Affiliate**" of another corporation if: (i) one of them is the subsidiary of the other; or (ii) each of them is controlled by the same Person. A corporation is "**controlled**" by a Person if: (i) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person; and (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation. A Person beneficially owns securities that are beneficially owned by: (i) a corporation controlled by that Person; or (ii) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person;

"**Agency Agreement**" means the agreement entered into by Acreage Holdings and a syndicate of agents led by the Lead Agent in connection with the Finco SR Financing;

"**Agents**" means a syndicate of agents led by the Lead Agent;

"**Allowable capital loss**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**Amalco**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Amalgamation**" means the amalgamation of Finco and MergerSub, in accordance with the terms of the Amalgamation Agreement;

"**Acquisition Entities**" means, collectively, each of Maryland Medicinal Research & Caring, LLC, Prime Consulting Group, LLC / Prime Wellness Centers, Inc., NYCANNA, LLC, South Shore BioPharma, LLC, HSRC NorCal, LLC/CWG Botanicals, Inc., NNC LLC d/b/a Nature's Care Company, LLC, In Grown Farms 2, LLC, GCCC Management, LLC and Nature's Way Nursery of Miami, Inc.;

"**as converted to Subordinate Voting Shares**" includes the conversion of the Proportionate Voting Shares and Multiple Voting Shares and the redemption or exchange, as applicable, on a 1:1 basis of the Acreage Holdings Units and Class B Non-Voting Common Shares of USCo2 into Subordinate Voting Shares;

"**Associate**" when used to indicate a relationship with a Person, means: (i) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer; (ii) any partner of the Person; (iii) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or (iv) in the case of a Person who is an individual: (a) that Person's spouse or child; or (b) any relative of the Person or of his spouse who has the same residence as that Person;

"**Audit Committee**" has the meaning ascribed thereto in Section 13.2 of this Listing Statement;

"**Awards**" has the meaning ascribed thereto in Section 9 of this Listing Statement;

"**Balance Interest**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Bank Secrecy Act**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Basis Adjustments**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended;

"**Board**" means the board of directors of Pubco, Acreage Holdings or the Resulting Issuer, as the context requires;

"**BTH**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**CA Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Canadian Holder**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**CAS**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**CBD**" means cannabidiol;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Certificate**" means a certificate of amalgamation issued by the Director pursuant to Division 3 of the BCBCA;

"**Closing**" means the closing of the RTO;

"**Class A Subordinate Voting Shares**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Class B Multiple Voting Shares**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Coattail Agreement**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time;

"**Common Units**" means Class A, Class B, Class C, Class D and Class E Acreage Holdings Units;

"**Compensation and Corporate Governance Committee**" has the meaning ascribed thereto in Section 13.2 of this Listing Statement;

"**Compensation Options**" has the meaning ascribed thereto in Section 4.1 of this Listing Statement;

"**Consolidation**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Continuance**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**CSA**" Controlled Substances Act, as amended from time to time;

"**CSE**" means the Canadian Securities Exchange;

"**CT Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**CTO**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**CWG**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**DEA**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Definitive Agreement**" means the agreement dated September 21, 2018 among Pubco, Acreage Holdings, Finco, MergerSub, USCo and USCo2 regarding the terms of the RTO;

"**Dixie**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Dixie Promissory Note**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**DLLCA**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**DOJ**" means the U.S. Department of Justice;

"**DPH**" has the meaning ascribed thereto in Section 4.2 of this Listing Statement;

"**East 11th**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**ERISA**" means the E*mployee Retirement Income Security Act of 1974*, as amended;

"**Escrow Agreement**" has the meaning ascribed thereto in Section 11 of this Listing Statement;

"**Escrow Agent**" means Odyssey Trust Company, in its capacity as escrow agent in connection with the Finco SR Financing;

"**Escrowed Funds**" means the funds from the sale of the Finco Subscription Receipts that were deposited in escrow until the Escrow Release Conditions were satisfied;

"**Escrow Release Conditions**" means, together: (i) written confirmation from each of the Acreage Holdings, Finco and Pubco that all conditions to the completion of the RTO in accordance with the terms of the Definitive Agreement, without any material amendment, shall have been satisfied, other than the Amalgamation or the release of the Escrowed Funds and the transactions form part of the RTO that are not capable of being completed prior to the Amalgamation and except for those conditions that have been waived by the Lead Agent in its sole discretion; (iii) the Subordinate Voting Shares being approved for listing on the CSE; (iv) the receipt of all regulatory, shareholder and third-party approvals, if any, required in connection with the RTO and the listing of the Subordinate Voting Shares on the CSE; (v) neither Finco nor Acreage Holdings shall be in breach or default of any of its covenants or obligations under the Subscription Receipt Agreement or the Agency Agreement, except (in the case of the Agency Agreement only) for those breaches or defaults that have been waived by the Lead Agent and all conditions set out in the Agency Agreement shall have been fulfilled, which shall all be confirmed to be true in a certificate of a senior officer of each of Acreage Holdings and Finco; and (vi) the delivery of the release certificate to the Escrow Agent in accordance with the terms of the Subscription Receipt Agreement;

"**FDA**" means the U.S. Food and Drug Administration;

"**Final Distribution**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Financing Proceeds**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**FinCEN**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**FinCEN Memorandum**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Finco**" refers to Acreage Finco B.C. Ltd., a corporation existing under the laws of the Province of British Columbia;

"**Finco SR Financing**" means the private placement offering of 12,566,144 subscription receipts of Finco at a price of $25.00 per subscription receipt for total gross proceeds of $314,153,3600;

"**Finco Subscription Receipts**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**FINRA**" means Financial Industry Regulatory Authority;

"**Firestation**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**FIRPTA**" has the meaning ascribed thereto in Section 24 of this Listing Statement;

"**FLW**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Form 41-101F1**" means Form 41-101F1 - *Information Required in a Prospectus*, as amended;

"**forward-looking statements**" has the meaning ascribed thereto on the second page of this Listing Statement;

"**Founder**" means Kevin Murphy;

"**HC Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Health Circle**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Holder**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**HSC Solutions**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**HSRC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**IFRS**" means the International Financial Reporting Standards, as issued by the International Accounting Standards Board;

"**IGF**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Impire**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Interest**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Iowa Relief**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**IRS**" means the U.S. Internal Revenue Service;

"**Kalyx**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Lead Agent**" means Canaccord Genuity Corp.;

"**Listing Statement**" means this listing statement dated November 14, 2018;

"**Lock Up**" has the meaning ascribed thereto in Section 11 of this Listing Statement;

"**MA-RMD**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Material Acquisitions**" means, Acreage Holdings' acquisitions of (i) D&B Wellness, LLC d/b/a Compassionate Care Center of Connecticut; (b) Prime Wellness of Connecticut, LLC; (c) The Wellness & Pain Management Connection, LLC; and (d) Prime Alternative Treatment Center Consulting, LLC, each of which constitutes a "primary business" within the meaning of Form 41-101F1 *Information Required in a Prospectus*;

"**MD&A**" means a management's discussion and analysis;

"**ME Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Members**" means the holders of Acreage Holdings Units from time to time;

"**Membership Unit**" means an Acreage Holdings Unit representing a fractional part of the ownership interests of all members in Acreage Holdings;

"**MergerSub**" refers to HSCP Merger Corp., a corporation existing under the laws of the Province of British Columbia;

"**MIPC Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**MMRC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**MOU**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Multiple Voting Shares**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Named Executive Officers**" or "**NEOs**" has the meaning ascribed thereto in Section 15 of this Listing Statement;

"**Nature's Way**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**NCC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**NCCRE**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**New Omnibus Equity Plan**" means the omnibus incentive plan approved by Pubco Shareholders at the Meeting and adopted by the Resulting Issuer;

"**NH Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**NI 41-101**" means National Instrument 41-101 - *General Prospectus Requirements*, as amended;

"**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations*, as amended;

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees*, as amended;

"**NI 58-101**" means National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, as amended;

"**Non-Canadian Holder**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**NYCANNA**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**NYMRC"** has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended;

"**Offer**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"OLCC" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Options**" has the meaning ascribed thereto in Section 9 of this Listing Statement;

"**Participants**" has the meaning ascribed thereto in Section 9 of this Listing Statement;

"**PATCC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PATC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PCG**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Person**" means any individual, corporation, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever;

"**Post Roll-Up Acquisitions**" has the meaning ascribed thereto in Section 3.2 of this Listing Statement;

"**Primary Business**" has the meaning ascribed thereto in Section 3.2 of this Listing Statement;

"**Prior LLC Agreement**" has the meaning ascribed thereto in Section 2.2 of this Listing Statement;

"**profit interests**" mean the Class C-1 Units in the capital of Acreage Holdings outstanding from time to time;

"**Proportionate Voting Shares**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Pubco**" refers to Acreage Holdings, Inc. (formerly Applied Inventions Management Corp.) and its subsidiaries prior to the RTO;

"**Pubco Audit Committee**" has the meaning ascribed thereto in Section 13.2 of this Listing Statement;

"**Pubco Board**" means the board of directors of Pubco;

"**Pubco Meeting**" means the annual and special meeting of shareholders of Pubco held on November 6, 2018;

"**Pubco Shareholders**" means the shareholders of Pubco prior to completion of the RTO;

"**PWC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PWC Management Services Agreement**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PWCT**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**PWPA**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Registered Holders**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

''**Registered Plan**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**Related Person**" means, (i) each director and executive officer, and (ii) an associate or permitted assign of such director or executive officer;

"**Reorganization**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Resulting Issuer**" refers to Acreage Holdings, Inc. (i.e. Pubco and its subsidiaries following the RTO), and, in the case of references to matters undertaken by a predecessor in interest to the Resulting Issuer or its subsidiaries, includes each such predecessor in interest, unless the context otherwise requires;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Shares**" means the Subordinate Voting Shares, the Proportionate Voting Shares and the Multiple Voting Shares, as the case may be;

"**Resulting Issuer Warrants**" means the issued and outstanding warrants in the capital of Acreage Holdings;

"**Roll-Up**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Roll-Up Note**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Roll-Up Transactions**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Roll-Up Unit**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Rollover Interest**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**RSUs**" has the meaning ascribed thereto in Section 9 of this Listing Statement;

"**RTO**" means the Reorganization and listing of the Subordinate Voting Shares on the CSE;

"**SEC**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**Section 280E**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"SFN" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**SR Offering Price**" has the meaning ascribed thereto in Section 4.1 of this Listing Statement;

"**Staff Notice 51-352**" has the meaning ascribed thereto in Section 3.3 of this Listing Statement;

"**Subdivision**" has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

"**Subordinate Voting Share Conversion Right**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Subordinate Voting Shares**" means the subordinate voting shares of the Resulting Issuer, the terms of which are further described in Section 10 of this Listing Statement;

"**Subscription Receipt Agreement**" means the subscription receipt agreement entered into on November 13, 2018 among Finco, Acreage Holdings, the Lead Agent and the Escrow Agent setting out the terms and conditions of the Finco Subscription Receipts;

"**Subsidiaries**" means the direct and indirect subsidiaries of Acreage Holdings or the operating companies in which Acreage Holdings has an ownership interest and "**Subsidiary**" means any one of them;

"**Subsidiary Seller**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

"**Tax Act**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**Tax Benefit Schedule**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Tax Proposals**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**Tax Receivable Agreement**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Tax Receivable Bonus Plan**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Tax Receivable Bonus Plan Participant**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**Taxable capital gain**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**THC**" means tetrahydrocannabinol;

"**Treaty**" has the meaning ascribed thereto in Section 24.2 of this Listing Statement;

"**USCo**" refers to Acreage Holdings America, Inc., a Nevada corporation;

"**USCo Shares**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**USCo2**" refers to Acreage Holdings WC, Inc., a Nevada corporation;

"**USCo2 Support Agreement**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**U.S.**" or "**United States**" means the United States of America;

"**U.S. Exchange Act**" has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

"**U.S. Holder**" has the meaning ascribed thereto in Section 24.1 of this Listing Statement;

"**USA Patriot Act**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**USRPHC**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**USRPI**" has the meaning ascribed thereto in Section 24 of this Listing Statement;

"**VIE**" has the meaning ascribed thereto in Section 17 of this Listing Statement;

"**WCM**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement; and

"**WPMC**" has the meaning ascribed thereto in Section 3.1 of this Listing Statement.

1.2 Market and Industry Data

Market data and industry forecasts contained in this Listing Statement have been obtained from industry publications, various publicly available sources and reports purchased by Acreage Holdings as well as from management's good faith estimates, which are derived from management's knowledge of the industry and independent sources. Acreage Holdings believes that the industry data is accurate and that its estimates and assumptions based thereon are reasonable, but there is no assurance as to the accuracy or completeness of this data. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, Acreage Holdings has not independently verified any of the information from third-party sources nor has it ascertained the validity or accuracy of the underlying economic assumptions relied upon therein. Certain of the industry data presented herein has been derived from reports paid for by Acreage Holdings and prepared by The Arcview Group, a cannabis industry investment and research company.

Actual outcomes may vary materially from those forecast in the reports or publications referred to herein, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe that the sources relied upon are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified. See "*Forward-Looking Statements*" and "*Risk Factors*".

1.3 Information Regarding Pubco

The information regarding Pubco that has been included in this Listing Statement is based upon public filings made by Pubco, together with inquiries made of management of Pubco, and accordingly, there can be no assurance that such information is accurate or complete. See "*Risk Factors*".

1.4 Information Regarding Subsidiaries

The information regarding Kalyx, Dixie, SFN and the entities Acreage Holdings manages but does not own as disclosed Section 3 that has been included in this Listing Statement is based upon information available to the Resulting Issuer and inquiries made of management of the Resulting Issuer and the Subsidiaries, and accordingly, there can be no assurance that such information is accurate or complete. See "*Risk Factors*".

1.5 Interpretation

Any statements in this Listing Statement made by or on behalf of management are made in such persons' capacities as officers of the Resulting Issuer, Acreage Holdings or Pubco, as applicable, and not in their personal capacities.

All information in this Listing Statement is stated as at November 14, 2018, unless otherwise indicated.

Except where otherwise indicated in this Listing Statement, all references to dollar amounts and "$" are to United States currency.

1.6 Non-IFRS Measures

None.

2. CORPORATE STRUCTURE

2.1 Corporate Name & Head and Registered Office

This Listing Statement has been prepared in connection with the RTO and proposed listing of the Subordinate Voting Shares on the CSE.

The registered and head office of Pubco is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia.

The head office of Acreage Holdings is located at 366 Madison Avenue, New York, New York 10017 and the registered address is located at 1209 Orange Street, Wilmington, Delaware, care of a registered agent.

Upon completion of the RTO, the registered office of the Resulting Issuer will be located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia and the head office will be located at 366 Madison Avenue, New York, New York 10017.

2.2 Jurisdiction

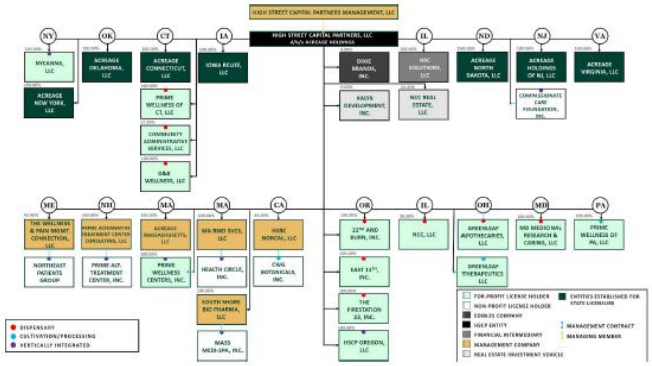
Pubco was incorporated under the OBCA as "Applied Inventions Management Inc." on July 12, 1989. On August 29, 2014, Pubco filed articles of amendment changing its name from "Applied Inventions Management Inc." to "Applied Inventions Management Corp.". On November 9, 2018, in connection with the RTO, Pubco continued into British Columbia, changed its name to "Acreage Holdings, Inc." and effected the amendment of its Articles of Incorporation to amend the terms of its authorized share capital. Prior to the Amalgamation, Pubco had the following subsidiaries: Applied Inventions Management Corp. USA (Delaware), Tour Technologies Inc. (Montana) and MergerSub.

Acreage Holdings is a limited liability company formed on April 29, 2014 under the *Limited Liability Company Act* (Delaware) and is governed by a limited liability company agreement dated December 10, 2015, as amended and restated on each of July 22, 2016, March 24, 2017 and April 27, 2018 (the "**Prior LLC Agreement**"). The Prior LLC Agreement was amended and restated in connection with the completion of the RTO. For further details in respect of the A&R LLC Agreement, see "*-- A&R LLC Agreement"*.

The Resulting Issuer will be a reporting issuer in the Province of Ontario.

2.3 Inter-corporate Relationships

The following diagram presents the material subsidiaries and certain business interests of Acreage Holdings, including upon giving effect to the completed Roll-Up Transactions, immediately prior to the completion of the RTO.



2.4 The RTO

In connection with the completion of the RTO, a series of transactions were completed resulting in a reorganization of Pubco and Acreage Holdings as a result of which, the Resulting Issuer became the indirect parent of Acreage Holdings (the "**Reorganization**").

The principal steps of the Reorganization were as follows:

1. Pubco continued from the Province of Ontario into the Province of British Columbia (the "**Continuance**") and concurrent therewith: (i) subdivided Pubco's Class B multiple voting shares (the "**Class B Multiple Voting Shares**") on the basis of one and one-half (1.5) Class B Multiple Voting Shares for each Class B Multiple Voting Share issued and outstanding immediately prior thereto (the "**Subdivision**"); (ii) consolidated Pubco's issued and outstanding Class A Subordinate Voting Shares (the "**Class A Subordinate Voting Shares**") and Class B Multiple Voting Shares on the basis of one (1) post-consolidation share of such class, as applicable, for every existing 350 share of such class (the "**Consolidation**"); and (iii) approved the adoption of Articles under the BCBCA which effected the amendment of Pubco's then current Articles of Incorporation to: (A) amend the terms of the Class A Subordinate Voting Shares such that they have special rights and restrictions and be renamed "**Subordinate Voting Shares**"; (B) create a new class of shares consisting of an unlimited number of "Multiple Voting Shares" having special rights and restrictions (the "**Multiple Voting Shares**"); (C) create a new class of shares consisting of an unlimited number of "Proportionate Voting Shares" having special rights and restrictions (the "**Proportionate Voting Shares**"); (D) amend the terms of the existing Class B Multiple Voting Shares such that they have the same special rights and restrictions as the Subordinate Voting Shares pursuant to (A) above; (E) delete Pubco's Class C preference shares in their entirety; and (F) change its name to "Acreage Holdings, Inc.";

2. Finco issued subscription receipts (the "**Finco Subscription Receipts**") in exchange for gross proceeds of $314,153,600 (the "**Financing Proceeds**");

3. the outstanding Finco Subscription Receipts were converted into Finco common shares with each holder of a Finco Subscription Receipt receiving one Finco common share in exchange therefor;

4. Pubco, MergerSub and Finco completed a three-cornered amalgamation pursuant to the statutory procedure under Section 269 of the BCBCA pursuant to which Finco shareholders (including former holders of Finco Subscription Receipts) received Subordinate Voting Shares and Finco and MergerSub amalgamated with the resulting entity being "**Amalco**";

5. Amalco was dissolved and liquidated, pursuant to which all of the assets of Amalco were distributed to Pubco;

6. all outstanding Acreage Holdings Notes were converted, pursuant to their terms, into Class A Membership Units;

7. other than the Founder, certain executive employees, holders of profit interests and certain residents of California, all Members contributed their Acreage Holdings Units to USCo in exchange for voting common shares of USCo. Members which reside outside the U.S. received Class A common shares of USCo, while Members which reside within the U.S. received Class B common shares of USCo;

8. Kevin Murphy, the Chief Executive Officer and Founder of Acreage Holdings and proposed Chief Executive Officer and director of the Resulting Issuer, contributed a portion of his Acreage Holdings Units to USCo in exchange for Class C voting common shares of USCo and otherwise continued to hold his remaining Acreage Holdings Units;

9. holders of USCo common shares contributed their USCo common shares to Pubco in exchange for Subordinate Voting Shares, Proportionate Voting Shares and, together with a subscription for cash by Mr. Murphy, Multiple Voting Shares. Holders of Class A common shares of USCo (being non-U.S. Holders) received Subordinate Voting Shares, holders of Class B common shares (being U.S. Holders) of USCo received Proportionate Voting Shares and Mr. Murphy received Multiple Voting Shares;

10. Members who are resident of California, for California state income tax purposes, contributed their Acreage Holdings Units to USCo2 in exchange for non-voting shares of USCo2;

11. through USCo and USCo2, Pubco contributed the Financing Proceeds to Acreage Holdings upon completion of the RTO; and

12. all outstanding warrants in the capital of Acreage Holdings were converted, pursuant to their terms, to permit the holders thereof to acquire one Subordinate Voting Share for each warrant held (the "**Acreage Holdings Warrants**").

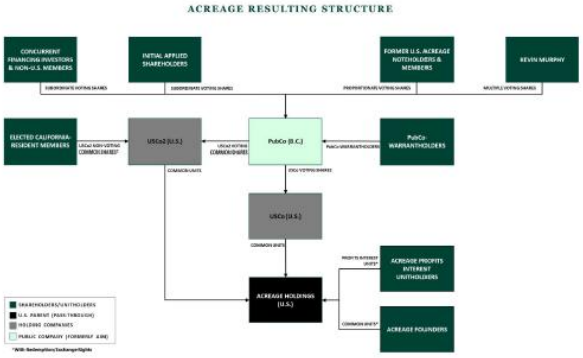
Following completion of the Reorganization, Acreage Holdings Units retained by the Founder, certain executive employees and profit interests holders, carry redemption and exchange rights allowing, subject to contractual restrictions, the holder thereof to exchange their Acreage Holdings Units for newly-issued Subordinate Voting Shares on a one-to-one basis. The Resulting Issuer will have the option to instead make a cash payment equal to a volume weighted average market price of one Subordinate Voting Share for each Acreage Holdings Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the A&R LLC Agreement. The Resulting Issuer's decision to make a cash payment upon a Member's election will be made by the independent directors of the Resulting Issuer Board (within the meaning of applicable securities laws) who are disinterested. The Resulting Issuer, USCo and Acreage Holdings entered into a support agreement related to the above redemption and exchange rights (the "**Acreage Support Agreement**"). See "*Description of the Securities - Description of Capital of Acreage Holdings - Acreage Support Agreement"*.

The Resulting Issuer's structure following the RTO, as described above, is commonly referred to as an "Up-C" structure. The Up-C structure allows the Members to continue to realize tax benefits associated with owning interests in an entity that is treated as a partnership, or "pass-through" entity, for income tax purposes following the RTO. One of these benefits is that future taxable income of Acreage Holdings that is allocated to the Members will be taxed on a flow-through basis and therefore will not be subject to corporate taxes at the entity level. Additionally, because the Members may redeem their Acreage Holdings Units for Subordinate Voting Shares or, at the Resulting Issuer's option, for cash, the Up-C structure also provides the Members with potential liquidity that holders of non-publicly-traded limited liability companies are not typically afforded.

In connection with the Reorganization, non-U.S. holders of Acreage Holdings Units will generally be subject to U.S. withholding tax under Code Section 1446(f) upon the disposition of Acreage Holdings Units equal to 10% of the fair market value of shares received in the exchange, or approximately $22 million, based on the SR Offering Price of Subordinate Voting Shares. The Resulting Issuer will withhold 10% of the Subordinate Voting Shares delivered to non-U.S holders, or approximately 900,000 Subordinate Voting Shares, and the Resulting Issuer may cancel such Subordinate Voting Shares. In the case of the cancellation of such shares, the Resulting Issuer will pay the resulting tax withholding tax obligation out of the use of proceeds from the Finco SR Financing. The Resulting Issuer reserves the right to facilitate the sale of such shares and, in such case, to remit the proceeds thereof in satisfaction of its withholding tax obligation.

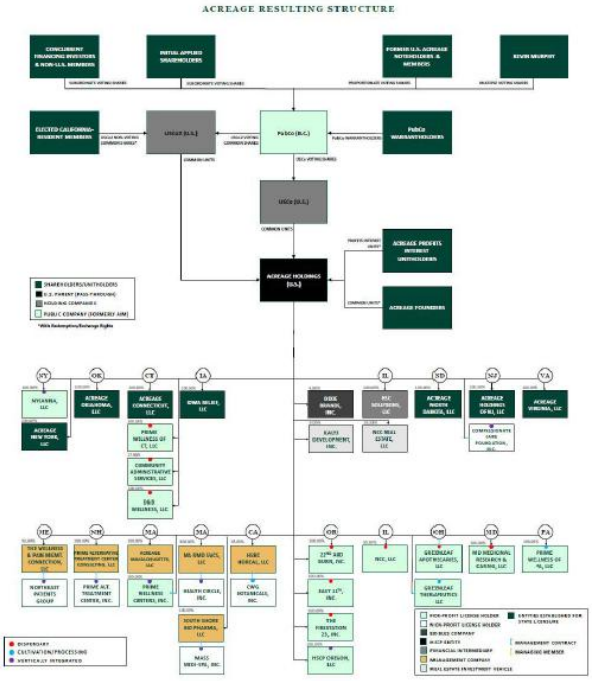
Following completion of the Reorganization, (i) Pubco holds all of the outstanding voting shares of USCo and all of the outstanding voting shares of USCo2, and (ii) the outstanding Acreage Holdings Units are held by USCo (69.77%), USCo2 (2.00%), and the Founder, certain executive employees and profit interests holders (28.23%).

Set forth below is the organizational structure of Acreage Holdings after giving effect to the Reorganization:



Through USCo, the sole manager of Acreage Holdings, the Resulting Issuer will operate and control all of the business and affairs of Acreage Holdings and, through Acreage Holdings and the Subsidiaries, conduct the business currently carried on by Acreage Holdings.

Set forth below is the organizational structure of the Acreage Holdings after giving effect to the Reorganization and the Roll-Up, including its material Subsidiaries:



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

Upon completion of the RTO, the business of Acreage Holdings will become the business of the Resulting Issuer.

General Development of Pubco's Business

Pubco was initially formed in order to identify, develop and market innovative products and inventions, including the SAVE swimming pool intrusion alarm, a swimming pool alarm device. Pubco completed its initial public offering pursuant to a prospectus dated June 13, 1990 and became a reporting issuer in the Province of Ontario. A cease trade order ("**CTO**") was imposed on Pubco by the Ontario Securities Commission on February 20, 2001 for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three-month period ended November 30, 2000. These consolidated financial statements were subsequently filed on SEDAR by Pubco. On August 27, 2011, the Ontario Securities Commission issued a Revocation Order of the CTO. Pubco ceased all operations of its legacy business in 2001.

Since 2011, Pubco has been focused on identifying a business or asset acquisition. On August 29, 2014, Pubco filed articles of amendment changing its name from "Applied Inventions Management Inc." to "Applied Inventions Management Corp.". Pubco entered into the Definitive Agreement with Acreage Holdings on September 21, 2018, which provided the general terms and conditions of the RTO, pursuant to which Pubco acquired all of the issued and outstanding securities of Acreage Holdings in exchange for securities of Pubco.

On November 9, 2018, in connection with the RTO, Pubco completed the Continuance, the Subdivision and the Consolidation and changed its name to "Acreage Holdings, Inc.".

General Development of Acreage Holdings' Business

Mr. Murphy began investing in the cannabis space in 2011 with minority investments in dispensaries located in medical-use states on the east coast of the United States. Acreage Holdings was founded by Mr. Murphy in April 2014 to invest in the burgeoning U.S. regulated cannabis market and, until April 2018, was an investment holding company and engaged in the business of investing in cannabis companies. As part of the formation of Acreage Holdings in 2014, Mr. Murphy contributed his cannabis related investment portfolio valued at approximately $14 million to Acreage Holdings in exchange for 20 million Class B Membership Units.

Since its formation, Acreage Holdings has invested in geographically diverse licensed entities that operate in both the adult-use and medicinal-use authorized U.S. states. The Subsidiaries focus on all aspects of the state-regulated cannabis industry. As a result of its experience investing in the industry, and, in many cases, active involvement with the Subsidiaries, Acreage Holdings' management gained significant experience in cultivation, processing and dispensing of cannabis and cannabis infused products.

From inception until Acreage Holdings began the Roll-Up, the principal business activity of Acreage Holdings was to provide debt and equity capital to existing cannabis license holders, cannabis license applicants and related management companies which are party to financing and consulting services agreements with Acreage Holdings-owned entities in states throughout the U.S. where medical and/or adult-use of cannabis is legal. Such investments included straight debt securities (secured or unsecured), convertible debt instruments and/or common or preferred equity securities issued by the Subsidiaries. As an investor in these Subsidiaries, Acreage Holdings was generally entitled to hold board seats and played an advisory role in the management and operations of such Subsidiaries, which afforded Acreage Holdings the opportunity to build its institutional knowledge in the cannabis space. Additionally, being an investor in the Subsidiaries provided Acreage Holdings with the ability to develop a vertically-integrated U.S. cannabis market participant with one of the largest footprints in the industry.

As of the date of this Listing Statement, Acreage Holdings, through its Subsidiaries, holds 34 licenses to operate dispensaries and nine licenses to grow and process cannabis, and owns or operates cannabis businesses in 14 states across the U.S., including California, Connecticut, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Ohio, Oregon and Pennsylvania. Each of the Subsidiaries are in various stages of development and operations, ranging from having only recently obtained a newly issued state cannabis license or to being fully operational. Acreage Holdings also has entered into agreements which will, upon successful completion of the transactions, result in Acreage Holdings owning or operating cannabis businesses in Florida, Michigan, Oklahoma and Rhode Island. Acreage Holdings plans to continue its expansion, with active efforts underway to acquire new and existing licenses in other states. In certain states, licenses are required to be held by non-profit entities. In those states, Acreage Holdings has entered into management agreements with such entities, under which Acreage Holdings has the right to control the operations of such entities and earns fees in exchange for managing such enterprises.

Following completion of the Roll-Up and the Acreage Acquisitions, Acreage Holdings will own 100% of the Subsidiaries, other than Dixie, Kalyx, The Wellness & Pain Management Connection, LLC ("**WPMC**") and NCC Real Estate, LLC ("**NCCRE**").

See "*Narrative Description of the Business - Principal Products and Services*" for a description of the principal products and services offered directly or indirectly through Acreage Holdings.

Roll-Up Transactions

Beginning in April 2018, Acreage Holdings focused its business strategy on acquiring control over the Subsidiaries (other than Dixie, Kalyx, WPMC and NCCRE) in which it had an existing investment (collectively, the "**Roll-Up Transactions**" or the "**Roll-Up**").

In order to effect the Roll-Up Transactions, Acreage Holdings entered into a membership interest purchase and contribution agreement (each, a "**MIPC Agreement**") with the then-owners of equity interests of each of the applicable Subsidiaries (in each case, a "**Subsidiary Seller**"), pursuant to which Acreage Holdings agreed to purchase, and each Subsidiary Seller agreed to sell, the equity interest in the applicable Subsidiary held by such Subsidiary Seller (in each case, the "**Interest**"). The general terms and conditions set out in each MIPC Agreement are summarized below.

As consideration for the purchase of the Interest of each Subsidiary Seller, Acreage Holdings agreed to issue to such Subsidiary Seller: (i) such number of Class D Membership Units (each, a "**Roll-Up Unit**") determined by dividing the value attributable to the portion of the Interest to be rolled into Acreage Holdings (the "**Rollover Interest**") by $6.20; and (ii) an unsecured promissory note (each, a "**Roll-Up Note**") in the initial principal amount equal to the value of the Interest less the Rollover Interest, if any, (the "**Balance Interest**"). Each Roll-Up Note bears interest at a rate of 10% per annum and is repayable upon the earlier of the date that is 18 months following the issuance thereof or the closing of an event similar to a reverse takeover of a public entity or another going-public transaction. Acreage Holdings was permitted to determine the allocation of the Interest between the Rollover Interest and the Balance Interest, as applicable, by delivery of a notice to each of the Subsidiary Seller setting out same. See "*Prior Sales*."

See the table included below under "-- *Summary of Roll-Up Transactions*" for the material terms of each Roll-Up Transaction and Schedule "G" for the pro forma financial statement impact of the Roll-Up Transactions on the business of Acreage Holdings.

The following is an overview of each Subsidiary involved in the Roll-Up Transactions:

California

HSRC NorCal, LLC & CWG Botanicals, Inc.

HSRC NorCal, LLC ("**HSRC**") is a limited liability company formed on June 3, 2016 under the laws of the State of California and provides management and administrative services through a Management Services Agreement dated June 9, 2016 (the "**CA Management Services Agreement**") with CWG Botanicals, Inc. ("**CWG**"). CWG was formed on December 21, 2015 under the laws of the State of California as a non-profit mutual benefit corporation and converted to a for-profit corporation in January 2018. CWG cultivates and processes cannabis. Pursuant to the CA Management Services Agreement, HSRC receives all revenue received by CWG on a monthly basis, pays all of CWG's expenses and retains the excess of revenue less those expenses as a management fee. The CA Management Services Agreement has a 10-year term.

CWG leases a 20,000 square foot property and completed development of a series of cultivation rooms in July 2017 with a total footprint of 10,000 square feet and a canopy of approximately 2,500 square feet. In September 2017, CWG began developing a second 10,000 square foot manufacturing facility to produce distillates and concentrates. On August 5, 2017, September 21, 2017 and October 28, 2017, CWG received licenses to manufacture, grow and distribute cannabis, respectively, from the State of California's Department of Consumer Affairs. Until California finalizes its regulations regarding cannabis, all licenses issued to operators in the California cannabis industry are temporary and renew every 90 days. It is anticipated that the licenses will continue to renew until approximately December 2018, when the California rules regarding license issuances are expected to be finalized.

CWG was recently issued its final temporary manufacturing license extension on November 1, 2018, which expires on January 31, 2019. In addition, CWG's final temporary distribution license extension has been issued and will expire on January 26, 2019. For both the manufacturing and distribution licenses, CWG's application is under review by state and local regulators. Once that review is complete, CWG will be issued an annual or provisional license, both of which expire after twelve months. The license type (annual or provisional) will be determined by the City of Oakland or the State of California, depending on whether they were able to complete CWG's review by December 31, 2018.

As for CWG's cultivation license, a temporary license extension was issued on September 22, 2018 and will expire on December 22, 2018. CWG is eligible for one more extension, which would be the final temporary cultivation license extension. That will be determined based on the state's progress with CWG's annual license application, which is currently under review. Depending on the state's timeline, along with the City of Oakland's timeline, either a provisional or annual license will be issued, both of which expire after 12 months.

Prior to the Roll-Up, Acreage Holdings owned 45% of the outstanding equity interests of HSRC and CWG. Acreage Holdings expects to complete the Roll-Up of HSRC and CWG in the first quarter of 2019, following which it will own 100% of the outstanding equity interests of HSRC and CWG. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Connecticut

Prime Wellness of Connecticut, LLC & Community Administrative Services, LLC

Prime Wellness of Connecticut, LLC ("**PWCT**") is a limited liability company formed on August 27, 2013 under the laws of the State of Connecticut and operates a dispensary in South Windsor, Connecticut. PWCT receives certain administrative, operational and consulting services through a Management Services Agreement dated November 2017 (the "**CT Management Services Agreement**") with Community Administrative Services, LLC ("**CAS**"). CAS is a limited liability company formed on March 14, 2017 under the laws of the State of Connecticut and was formed to assist PWCT with certain administrative functions regarding medicinal cannabis license applications, renewals and pharmacy consultations for licensed patients. Pursuant to the CT Management Services Agreement, PWCT pays CAS a fixed monthly fee in exchange for the services provided thereunder. The CT Management Services Agreement has an initial term of five years and automatically renews for successive five-year terms unless terminated by the parties.

PWCT operates a 3,200 square foot retail medicinal cannabis dispensary location in South Windsor, Connecticut that opened to licensed patients on August 1, 2014. PWCT received a Medical Marijuana Dispensary License from the State of Connecticut's Department of Consumer Protection on April 10, 2014, which license has been continuously renewed for successive one-year terms on its anniversary date. CAS leases a 1,500 square foot property adjacent to PWCT. Under the laws of the State of Connecticut, licensed individuals must register with one specific dispensary and may not purchase medicinal cannabis from other dispensaries.

Prior to the Roll-Up, Acreage Holdings owned 17.5% of the outstanding equity interests in each of CAS and PWCT. On September 13, 2018, Acreage Holdings completed the Roll-Up of PWCT and now owns 100% of the outstanding equity interests of PWCT. Acreage Holdings is in process of acquiring the outstanding business of CAS. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Acreage Holdings is not aware of any contingent or unrecorded liabilities assumed in connection with the foregoing acquisition.

Illinois

NCC LLC

NCC LLC d/b/a Nature's Care Company, LLC ("**NCC**") is a limited liability company formed on June 26, 2014 under the laws of the State of Illinois and operates a medicinal cannabis dispensary in Rolling Meadows, Illinois. On January 22, 2016, NCC received a Registered Medical Cannabis Dispensing Organization registration certificate from the Illinois Department of Financial and Professional Regulation, which has been continuously renewed for successive one-year terms on its anniversary date.

Under the laws of the State of Illinois, licensed individuals must register with one specific dispensary and may not purchase medicinal cannabis from other dispensaries.

NCC is currently having its sales and use tax returns audited by the State of Illinois for the periods of January 2016 through March 2018. Acreage Holdings may seek to extend the statute of limitations in order to complete the audit.

Prior to the Roll-Up, Acreage Holdings held approximately 30% of the outstanding equity interests in NCC. Acreage Holdings expects to complete the Roll-Up of NCC on or about November 30, 2018, following which it will own 100% of the outstanding equity interests of NCC. All conditions to closing have been satisfied, save for meeting final regulatory administrative conditions, which Acreage Holdings anticipates to be completed during the fourth quarter of 2018. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Maine

The Wellness & Pain Management Connection, LLC

WPMC is a limited liability company formed on August 3, 2011 under the laws of the State of Delaware and provides management, operational and consulting services through a management agreement dated August 3, 2011 (the "**ME Management Services Agreement**") with Northeast Patient Group d/b/a Wellness Connection of Maine ("**WCM**"). WCM is a non-profit entity formed on June 16, 2010 in the State of Maine. Pursuant to the ME Management Services Agreement, WPMC operates and provides management services to WCM and receives compensation in consideration therefor based upon a fixed price per pound of product sold by WCM. For other certain services, WPMC receives compensation at agreed-upon rates based upon the services provided by WPMC. WPMC has the right to appoint two of the five members of WCM's board of directors. The ME Management Services Agreement has an initial term of eight years and automatically renews for a second term of eight years, followed by a third term of nine years, unless terminated by the parties in accordance with its terms.

WCM operates medicinal cannabis dispensaries in each of Bath, Brewer, Gardiner and Portland, Maine, and operates a 40,000 square foot cannabis cultivation and processing facility in Auburn, Maine. On various dates between 2011 and 2012, WCM received four certificates of registration from the Maine Department of Health and Human Services for the operation of its dispensaries and cultivation and processing facilities. Maine does not issue separate licenses for cultivation and processing facilities and dispensaries. The licenses have been continuously renewed for successive one-year terms since the dates of issuance.

Prior to the Roll-Up, Acreage Holdings held 39% of the outstanding equity interests in WPMC. On June 19, 2018, Acreage Holdings completed the Roll-Up of WPMC and currently holds 93.9% of the outstanding equity interests of WPMC. The remaining 6.1% of the outstanding equity interests in WPMC are held by certain unaffiliated investors. The relationship among the owners of WPMC is governed by that certain limited liability company agreement, dated as of October 26, 2015. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Maryland

Maryland Medicinal Research & Caring, LLC

Maryland Medicinal Research & Caring, LLC ("**MMRC**") is a limited liability company formed on October 6, 2015 under the laws of the State of Maryland and operates a dispensary in Baltimore, Maryland. On July 26, 2018, MMRC received a license to operate its dispensary from the Natalie M. LaPrade Maryland Medical Cannabis Commission, an independent commission within the Maryland Department of Health and Mental Hygiene, which license expires on July 26, 2024.

Prior to the Roll-Up, Acreage Holdings held 80% of the outstanding equity interests in MMRC. On July 31, 2018, Acreage Holdings completed the Roll-Up of MMRC and currently holds 100% of the outstanding equity interests of MMRC. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Massachusetts

Prime Consulting Group, LLC & Prime Wellness Centers, Inc.

Prime Consulting Group, LLC ("**PCG**") is a limited liability company formed on August 6, 2014 under the laws of the State of Delaware and provides management, operational and consulting services pursuant to a management agreement dated December 1, 2015 (the "**PWC Management Services Agreement**") with Prime Wellness Centers, Inc. ("**PWC**"). PWC was formed on April 29, 2015 as a non-profit corporation under the laws of the State of Massachusetts and was converted to a for-profit corporation on August 15, 2018. PWC operates dispensaries in each of Shrewsbury, Worcester and Leominster, Massachusetts and a cultivation and processing facility in Sterling, Massachusetts. Pursuant to the PWC Management Services Agreement, PCG operates and provides management services to PWC. The PWC Management Services Agreement has an initial term of 15 years and automatically renews for successive five-year terms unless terminated by the parties in accordance with its terms. PCG receives compensation from PWC based upon a fixed price per pound of cannabis sold and a fixed percentage of gross sales for cannabis-infused products sold by PWC.

On June 29, 2015, the Massachusetts Department of Public Health Bureau of Health Care Safety and Quality granted PWC one-year licenses to operate its dispensaries and cultivation and processing facility. The licenses have been continuously renewed for successive one-year terms since the respective dates of issuance.

Prior to the Roll-Up, Acreage Holdings held 20% of the outstanding equity interests in PCG. On July 31, 2018, Acreage Holdings completed the Roll-Up of PCG and currently holds 100% of the outstanding equity interests of PCG. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Acreage Holdings is not aware of any contingent or unrecorded liabilities assumed in connection with the foregoing acquisition.

MA RMD SVCS, LLC & Health Circle, Inc.

MA RMD SVCS, LLC ("**MA-RMD**") is a limited liability company formed on May 12, 2016 under the laws of the State of Massachusetts that provides management and consulting services pursuant to a management agreement dated October 31, 2017 (the "**HC Management Services Agreement**") with Health Circle, Inc. ("**Health Circle**"). Health Circle is a non-profit Massachusetts corporation formed on June 24, 2015 and operates dispensaries in Rockland, Massachusetts and a 20,000 square foot dispensary, cultivation and processing facility in Rockland, Massachusetts. Pursuant to the HC Management Services Agreement, MA-RMD operates and provides management services to Health Circle. The HC Management Services Agreement has an initial term of 15 years and automatically renews for successive five-year terms unless terminated by the parties in accordance with its terms. MA-RMD receives compensation from Health Circle based upon a fixed price per pound of cannabis sold and a fixed percentage of gross sales for cannabis-infused products sold by Health Circle.

On September 30, 2015, the Massachusetts Department of Public Health Bureau of Health Care Safety and Quality granted Health Circle one-year licenses to operate its dispensaries and cultivation and processing facility. The licenses have been continuously renewed for successive one-year terms since their respective dates of issuance.

Prior to the Roll-Up, Acreage Holdings held 51% of the outstanding equity interests in MA-RMD. On July 3, 2018, Acreage Holdings completed the Roll-Up of MA-RMD and currently holds 100% of the outstanding equity interests of PCG. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

New Hampshire

Prime Alternative Treatment Center Consulting, LLC

Prime Alternative Treatment Center Consulting, LLC ("**PATCC**") is a limited liability company formed on December 24, 2014 under the laws of the State of New Hampshire that provides management, operational and consulting services pursuant to a management agreement dated March 1, 2016 (the "**NH Management Services Agreement**") with Prime Alternative Treatment Centers of NH, Inc. ("**PATC**"). PATC is a non-profit corporation formed on January 15, 2015 under the laws of the state of New Hampshire and operates a dispensary and cannabis processing and cultivation facility in Peterborough, New Hampshire. Pursuant to the NH Management Services Agreement, PATCC operates and provides management services to PATC and receives compensation in consideration therefor based upon a fixed price per pound of products sold by PATC on a monthly basis. The NH Management Services Agreement has an initial term of five years and automatically renews for successive five-year terms unless terminated by the parties in accordance with its terms.

On August 9, 2016, the New Hampshire Department of Health and Human Services issued a license in the form of a Registration Certificate, permitting PATC to operate. In the second quarter of 2018, PATC received a notice from the State of New Hampshire indicating that it needed to implement certain remedial measures before the state agreed to renew its license. PATC has submitted a remediation plan to the New Hampshire Office of Legal and Regulatory Services. PATC is currently implementing those matters and expects to resolve them promptly. Under New Hampshire law, a license does not expire if the licensee submits a timely and sufficient renewal application and the agency has yet to take final action on that renewal application. PATC submitted a timely and complete renewal application, and so its registration certificate is active, current and in good standing pending the resolution of the remediation plan, and has received correspondence from the state affirming this status.

The State of New Hampshire licenses provide recipients with exclusive rights to operate four different entities in their geographically designated part of the state. PATC's license entitles it to operate in the part of the state with the greatest population density. New Hampshire also requires that each licensed medical cannabis patient register with a single dispensary to meet their individual medical cannabis needs.

Prior to the Roll-Up, Acreage Holdings held 12% of the outstanding equity interests in PATCC. On July 3, 2018, Acreage Holdings completed the Roll-Up of PATCC and currently holds 100% of the outstanding equity interests of PATCC. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

New York

Impire State Holdings LLC, NYMRC, LLC, NYCI, LLC & NYCANNA, LLC

Impire State Holdings LLC ("**Impire**") is a limited liability company formed on November 7, 2016 under the laws of the State of New York that primarily invests in NY Medicinal Research & Caring, LLC ("**NYMRC**"). NYMRC is a limited liability company formed on October 6, 2016 under the laws of the State of New York that primarily invests in NYCANNA, LLC ("**NYCANNA**"). NYCANNA is a limited liability company formed on November 1, 2016 under the laws of the State of New York and is in the process of opening medical cannabis dispensaries in each of Buffalo, Middletown, Jamaica and Farmingdale, New York, and a 35,000 square foot cultivation and processing facility in Onondaga County, New York.

On August 1, 2017, the New York Department of Health ("**NYDOH**") approved NYCANNA's registration as a registered organization with the state's Medical Marijuana Program. The registration is valid until July 31, 2019. On May 4, 2018, the NYDOH issued a formal license to NYCANNA to operate its cultivation and processing facility. The NYDOH will issue formal licenses (which have been preapproved) to operate its dispensaries upon the completion of facilities inspections, which will occur when the facilities are ready to be operational, which Acreage Holdings expects will occur in early 2019.

Prior to the Roll-Up, Acreage Holdings held 80% of the outstanding equity interests of Impire, Impire held 50% of the outstanding equity interests of NYMRC and NYMRC held 50% the outstanding equity interests of NYCANNA. NYCI Holdings, LLC ("**NYCI**") owned the remaining 50% of the outstanding equity interests of NYCANNA and was previously unaffiliated with Acreage Holdings. Acreage Holdings now owns all of the outstanding equity interests in NYCI. Acreage Holdings completed the Roll-Up of Impire on August 15, 2018 and now owns 100% of the outstanding equity interests of each of Impire, NYMRC and NYCANNA. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

In addition to the terms of the MIPC Agreement in respect of the Roll-Up of Impire, Acreage Holdings also agreed to enter into severance agreements with the former Chief Executive Officer, Chief Operating Officer and Manager of NYCANNA as summarized below.

- Chief Executive Officer - Total payments of $645,000, $200,000 of which was paid upon execution of the severance agreement and the remaining $445,000 to be paid in equal monthly installments from closing until July 2020.
- Chief Operating Officer - Total payments of $610,000, $200,000 of which was paid upon execution of the severance agreement and the remaining $410,000 to be paid in equal monthly installments from closing until July 2020.
- Manager - Total payments of $4,145,000, $3,500,000 of which was paid upon termination of the management agreement between the former manager and NYCANNA and the remaining $645,000 was paid to the former manager in contemplation for a transition services agreement, which has since terminated.

Acreage Holdings is not aware of any contingent or unrecorded liabilities assumed in connection with the foregoing acquisition.

Oregon

Cannabliss & Co.

22nd and Burn Inc. ("**22nd and Burn**"), East 11th Incorporated ("**East 11th**"), The Firestation 23 Inc. ("**Firestation**") and HSCP Oregon, LLC ("**Acreage HoldingsOR**") make up the Cannabliss & Co. business in Oregon. Each of 22nd and Burn, East 11th and Firestation received a license to operate a medicinal dispensary on formation but has subsequently surrendered same and currently operates as a recreational dispensary.

(i) 22nd and Burn Inc.

22nd and Burn was formed on March 3, 2014 under the laws of the State of Oregon and operates a recreational dispensary in Portland, Oregon. On December 31, 2016, the Oregon Liquor Commission ("**OLCC**") issued 22nd and Burn a license to operate a recreational dispensary. The license expires on December 30, 2018. The license renews on an annual basis on its anniversary date. 22nd and Burn is in the process of renewing its license from December 31, 2018 through December 30, 2019.

Prior to the Roll-Up, Acreage Holdings held 70% of the outstanding equity interests in 22nd and Burn. On June 20, 2018, Acreage Holdings completed the Roll-Up of 22nd and Burn and currently holds 100% of the outstanding equity interests of 22nd and Burn. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

(ii) East 11th Incorporated

East 11th is a corporation formed on June 10, 2014 under the laws of the State of Oregon and operates a recreational dispensary in Eugene, Oregon. On January 3, 2017, the OLCC issued East 11th a license to operate a recreational dispensary in Eugene, Oregon. The license expires on January 3, 2019. The license renews on an annual basis on its anniversary date. East 11th is in the process of renewing its license from January 4, 2019 through January 3, 2020.

Prior to the Roll-Up, Acreage Holdings held 65% of the outstanding equity interests in East 11th. On June 20, 2018, Acreage Holdings completed the Roll-Up of East 11th and currently holds 100% of the outstanding equity interests of East 11th. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

(iii) The Firestation 23 Inc.

Firestation is a corporation formed on February 26, 2014 under the laws of the State of Oregon and operates a recreational dispensary in Portland, Oregon. On January 4, 2017, the OLCC issued Firestation a license to operate a recreational dispensary. The license expires on January 3, 2019. The license renews on an annual basis on its anniversary date. The Firestation is in the process of renewing its license from January 4, 2019 through January 3, 2020.

Prior to the Roll-Up, Acreage Holdings held 65% of the outstanding equity interests in Firestation. On June 20, 2018, Acreage Holdings completed the Roll-Up of Firestation and currently holds 100% of the outstanding equity interests of Firestation. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

(iv) HSCP Oregon, LLC

Acreage HoldingsOR is a limited liability company formed on March 8, 2016 under the laws of the State of Oregon and operates two recreational dispensaries in Springfield and Portland, Oregon and one cultivation and processing facility in Medford, Oregon. On January 9, 2017 and March 9, 2017, the OLCC issued Acreage HoldingsOR licenses to operate its dispensaries in Springfield and Portland, respectively. Each license has been renewed on an annual basis without issue. Acreage HoldingsOR has applied for a "Tier 2 Indoor Producer" license and is expected to receive a permanent license in December 2018. Acreage HoldingsOR completed construction of its 10,000 square foot production and cultivation facility in September 2018.

Prior to the Roll-Up, Acreage Holdings held 49% of the outstanding equity interests of Acreage HoldingsOR. On June 20, 2018, Acreage Holdings completed the Roll-Up of Acreage HoldingsOR and currently holds 100% of the outstanding equity interests of Acreage HoldingsOR. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Pennsylvania

Prime Wellness of Pennsylvania LLC

Prime Wellness of Pennsylvania LLC ("**PWPA**") is a limited liability company formed on July 1, 2016 under the laws of the State of Pennsylvania and operates a 30,000 square foot cultivation and processing facility in South Heidelberg, Pennsylvania. On June 20, 2017, the Pennsylvania Department of Health issued PWPA one of 12 Medical Marijuana Grower / Processor one-year permits. The permit has been renewed for one-year terms since the date of issuance.

Prior to the Roll-Up, Acreage Holdings held 50% of the outstanding equity interests in PWPA. Acreage Holdings completed the Roll-Up of PWPA on October 10, 2018 and now owns 100% of the outstanding equity interests of PWPA. For further details in respect of the Roll-Up, see "-- *Summary of Roll-Up Transactions"* below.

Summary of Roll-Up Transactions

The following table sets out the material terms of each Roll-Up Transaction:

Entity	State	Date of Closing	Pre-Roll-Up %	Post-Roll-Up %	Consideration for Transaction Related to Incremental Ownership (unaudited)					State Approval Required?
					Cash Payment ($)	Seller Notes ($)	Value of Class D Units ($)	Number of Class D Units	Total Consideration ($)	
Acquisitions of Primary Business										
PWCT and CAS	CT	September 13, 2018	17.5%	100.0%	$ 2,475,000	$ 478,500	$ 7,121,506	1,148,630	$ 10,075,006	Yes
WPMC	ME	May 25, 2018	39.0%	93.9%	$ 8,167,894	$ 1,125,000	$ 12,924,985	2,084,675	$ 22,217,879	No
PATCC	NH	July 3, 2018	12.0%	100.0%	$ -	$ 1,118,478	$ 14,964,122	2,413,568	$ 16,082,600	No
Subtotal of Acquisitions of Primary Business					**$ 10,642,894**	**$ 2,721,978**	**$ 35,010,613**	**5,646,873**	**$ 48,375,485**	
Other Acquisitions										
HSRC	CA	Q4 2018	45.0%	100.0%	$ 554,184	$ -	$ 3,445,811	555,776	$ 3,999,995	Yes
NCC	IL	Q4 2018	30.3%	100.0%	$ 100,000	$ -	$ 1,294,008	208,711	$ 1,394,008	Yes
PCG	MA	July 2, 2018	20.0%	100.0%	$ -	$ 920,743	$ 21,045,689	3,394,466	$ 21,966,432	No
MA-RMD	MA	July 3, 2018	51.0%	100.0%	$ 1,363,348	$ 7,000,000	$ 999,998	161,290	$ 9,363,346	No
MMRC	MD	July 31, 2018	80.0%	100.0%	$ 202,167	$ -	$ 601,381	96,997	$ 803,548	Yes
NYCANNA	NY	August 15, 2018	20.0%	100.0%	$ 10,307,500	$ 2,237,500	$ 24,075,133	3,883,086	$ 36,620,133	Yes
Cannabliss & Co.	OR	June 20, 2018	65.0%	100.0%	$ 300,000	$ 760,474	$ 249,996	40,322	$ 1,310,470	Yes
PWPA	PA	October 10, 2018	50.0%	100.0%	$ 16,500,000	$ -	$ -	-	$ 16,500,000	N/A
Subtotal of Other Acquisitions					**$ 29,327,199**	**$ 10,918,717**	**$ 51,712,016**	**8,340,648**	**$ 91,957,932**	
Total Roll-Up Transactions					**$ 39,970,093**	**$ 13,640,695**	**$ 86,722,629**	**13,987,521**	**$ 140,333,417**	

Acreage Acquisitions

In addition to the Roll-Up Transactions, and as part of its overall business strategy, Acreage Holdings has completed, or expects to complete, a number of strategic acquisitions or investments (the "**Acreage Acquisitions**").

The following is an overview of each Acreage Acquisition:

Connecticut

Compassionate Care Center of Connecticut

D&B Wellness, LLC, d/b/a Compassionate Care Center of Connecticut ("**CCC-CT**"), is a limited liability company formed on October 15, 2013 under the laws of the State of Connecticut and operates a medicinal cannabis dispensary in Bethel, Connecticut. The dispensary opened in August 2014. CCC-CT received a Medical Marijuana Dispensary License from the State of Connecticut's Department of Consumer Protection on April 10, 2014, and this license has been continuously renewed for successive one-year terms on its anniversary date.

On May 31, 2018, Acreage Holdings entered into a MIPC Agreement with CCC-CT pursuant to which Acreage Holdings purchased 100% of the outstanding equity interests of CCC-CT. For further details in respect of the CCC-CT acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Florida

Nature's Way Nursery of Miami, Inc.

Nature's Way Nursery of Miami, Inc. ("**Nature's Way**") is a corporation formed on August 24, 1989 under the laws of the State of Florida. On July 13, 2018, Nature's Way and the State of Florida Department of Health entered into a settlement agreement, pursuant to which the State of Florida Department of Health agreed to register Nature's Way as a medical cannabis treatment center. Subject to the satisfaction of certain administrative conditions, Nature's Way is expected to be granted a license to operate a medical cannabis treatment center from the Florida Department of Health prior to the end of 2018.

On November 2, 2018, Nature's Way, Acreage and the shareholders of Nature's Way entered into a Securities Purchase Agreement, pursuant to which Acreage will acquire all of the outstanding equity interests in Nature's Way, on a cash-free, debt-free basis. Acreage agreed to pay a purchase price of $67,000,000 plus the amount of certain pre-closing expenses (approximately $600,000), less the indebtedness of Nature's Way as of closing and transaction expenses incurred and/or payable by Nature's Way. Upon execution of the Securities Purchase Agreement, $10,000,000 was deposited in escrow by Acreage and is governed by the terms of an escrow agreement. The deposit and its release is governed by the terms of the escrow agreement and is refundable to Acreage should the Securities Purchase Agreement be terminated by any party prior to the Initial Closing (as defined below).

It is anticipated that, Acreage's acquisition of Nature's Way will be completed in two stages. An initial closing (the "**Initial Closing**") will take place no later than January 7, 2019 and immediately following the transfer of all of the assets of the nursery business currently carried on by Nature's Way, and a final closing (the "**Final Closing**") will take place on the later of January 7, 2019 or the date that is three business days following the satisfaction or waiver of the conditions to closing specified in the Securities Purchase Agreement. At the Initial Closing, the $10,000,000 deposit amount is paid to the sellers in exchange for 5% of Nature's Way outstanding stock. At the Final Closing, the unpaid portion of the purchase price shall be paid in exchange for all outstanding securities of Nature's Way not then owed by Acreage. The sellers may elect, in aggregate, to receive up to $20,000,000 of purchase price paid at the Final Closing in Acreage Holdings Units rather than cash, with each Acreage Holdings Unit value at $25.00, which units will be subject to the redemption and exchange rights set out in the A&R LLC Agreement.

The Securities Purchase Agreement contains customary representations and warranties and indemnification obligations of Nature's Way and the sellers, and the completion of the agreement is subject to customary closing conditions.

For further details in respect of the Nature's Way acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Illinois

In Grown Farms 2, LLC

In Grown Farms 2, LLC ("**IGF**") is a series limited liability company of In Grown Farms LLC, an Illinois limited liability company, each formed on March 28, 2018 under the laws of the State of Illinois, and owns and operates a cannabis cultivation and processing facility in Freeport, Illinois. The 80,000 square foot facility contains a 3,000 square foot cultivation space and a kitchen and laboratory for processing. IGF is in the process of constructing a second 80,000 square foot facility. On March 9, 2015, the Illinois Department of Agriculture awarded IGF a cultivation center permit.

On October 15, 2018, Acreage Holdings entered into a securities purchase agreement with IGF and the seller named therein pursuant to which Acreage Holdings would purchase 100% of the outstanding equity interests in IGF owned by the seller. Consummation of the transaction is subject to customary conditions. For further details in respect of the IGF acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Iowa

Iowa Relief, LLC

Iowa Relief LLC ("**Iowa Relief**") is a limited liability company formed on May 17, 2018 under the laws of the State of Iowa for the purposes of operating a 32,000 square foot cultivation and processing medical cannabis facility in Cedar Rapids, Iowa. Acreage Holdings owns all of the outstanding equity interests in Acreage Iowa. On July 1, 2018, Iowa Relief received a license from the Iowa Department of Public Health to cultivate and manufacture medical CBD. This license expires November 30, 2018, but is renewable upon a payment of a fee to the State of Iowa and approval of a renewal application.

Massachusetts

South Shore BioPharma, LLC & Mass Medi Spa, Inc.

South Shore BioPharma, LLC ("**SSBP**") is a limited liability company formed on September 10, 2015 under the laws of the State of Delaware and provides management, operational and consulting services through a management agreement (the "**MMSP Management and Consulting Services Agreement**") with Mass Medi-Spa, Inc. ("**MMSP**"). MMSP is a non-profit corporation formed on August 7, 2013 under the laws of the State of Massachusetts and operates two dispensaries in Nantucket and Norwell. Pursuant to the MMSP Management and Consulting Services Agreement, SSBP operates and provides management services to MMSP and is entitled to receive a fixed price per pound of cannabis on a monthly basis. The initial term is 15 years and automatically renews for successive five year terms unless terminated by the parties in accordance with the terms of the MMSP Management and Consulting Services Agreement.

On June 29, 2015, the Massachusetts Department of Public Health issued MMSP a license to operate a cultivation and processing facility and a dispensary. To date, the license has been renewed without issue.

On May 4, 2018, Acreage Holdings entered into Securities Purchase Agreement with SSBP pursuant to which Acreage Holdings purchased 100% of the outstanding equity interests of SSBP. For further details in respect of the SSBP acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Acreage Holdings is not aware of any contingent or unrecorded liabilities assumed in connection with the foregoing acquisition.

Michigan

Blue Tire Holdings, LLC

Blue Tire Holdings, LLC ("**BTH**") is a limited liability company formed on August 30, 2018 under the laws of the State of Michigan that has established the right to lease and/or purchase certain real estate assets throughout the state by the execution of a series of option and purchase agreements. BTH has engaged in discussions with various municipalities in Michigan to secure municipal approval for operating regulated cannabis businesses using these real estate assets. BTH is not affiliated with any Acreage Holdings entity, but BTH will assist Acreage Holdings in establishing a Michigan based entity to operate regulated cannabis businesses within the state, and the real estate assets will be exclusively acquired for that purpose. At Acreage Holdings' sole direction, BTH will assign any of the real estate assets to Acreage Holdings in support of such licensing.

Acreage Holdings intends to structure its Michigan operation as one or more wholly owned subsidiaries of Acreage Holdings that will directly own and control all licenses granted by the State of Michigan. To the extent that Acreage Holdings is unable to directly obtain such licenses, BTH has agreed to create a management agreement structure with Acreage Holdings that will replicate the economics and control of the licensed businesses for the benefit of Acreage Holdings as if Acreage Holdings directly owned and controlled the licenses, while BTH maintains legal ownership of the licensed businesses. The management services agreement will contain such terms and conditions as may be agreed to by Acreage Holdings and BTH.

New Jersey

Compassionate Care Foundation, Inc.

Compassionate Care Foundation, Inc. ("**CCF**") is a non-profit corporation formed on February 4, 2011 under the laws of the State of New Jersey and operates a cultivation and processing facility and dispensary in Egg Harbor, New Jersey. On October 4, 2013, the New Jersey Department of Health issued CCF a license to operate its facilities. The license has been renewed without issue.

On May 9, 2018, Acreage Holdings entered into a convertible bridge loan (the "**CCF Bridge Loan**") with CCF pursuant to which Acreage Holdings agreed to loan CCF $2.0 million. In addition, Acreage Holdings entered into a revolving line of credit loan agreement (the "**CCF Loan**") with CCF pursuant to which it agreed to provide a $12.5 million revolving line of credit to CCF in exchange for a 5-year, convertible revolving promissory note, bearing interest at a rate of 18% per annum (the "**CCF Revolving Note**" and, together with the CCF Bridge Loan and CCF Loan, the "**CCF Transactions**"). The CCF Revolving Note shall automatically convert into a 54% equity stake in a newly-formed entity of Acreage Holding upon enactment of legislative reform to permit the cultivation and sale of cannabis for recreational purposes or to allow a for-profit entity to dispense medical cannabis. As of the date hereof, the CCF Bridge Loan and CCF Loan remain outstanding and $4.25 million is outstanding under the CCF Revolving Note.

On September 7, 2018, Acreage Holdings entered into a Master Services Agreement with CCF (the "**NJ Master Services Agreement**"), pursuant to which Acreage Holdings operates and provides management services to CCF and receives compensation in consideration therefor based upon a fixed monthly management fee and a fixed price per ounce of product sold by CCF for product sold in flower, bud or leaf form, and a fixed percentage of gross revenues for edible cannabis products. The NJ Master Services Agreement has an indefinite term but is terminable upon a material breach. It also terminates automatically upon the conversion of the CCF Transactions into equity interests in CCF.

For further details in respect of the CCF Transactions, see "-- *Summary of Acreage Acquisitions"* below.

North Dakota

Acreage North Dakota, LLC

Acreage North Dakota, LLC ("**Acreage ND**") is a limited liability company formed on March 29, 2018 under the laws of the State of Delaware and authorized to conduct business in North Dakota on April 9, 2018 for the purposes of operating a vertically integrated medical cannabis business cultivating, processing, transporting and dispensing medical cannabis in Fargo, North Dakota. Acreage ND has submitted an application to obtain a license to operate such business to the North Dakota Department of Health Division of Medical Marijuana and remains in the process of obtaining such license. Acreage Holdings owns all of the outstanding equity interests in Acreage ND.

Ohio

Greenleaf Therapeutics, LLC

Greenleaf Therapeutics, LLC ("**GL Therapeutics**") is a limited liability company formed on June 19, 2017 under the laws of the State of Ohio and operates a medical cannabis processing facility. On August 3, 2018, the Ohio Department of Commerce issued GL Therapeutics a provisional license to operate a processing facility in Middlefield under the Ohio Medical Marijuana Control Program. The provisional licenses expire on December 7, 2018. GL Therapeutics is in the process of obtaining a "permanent" certificate of operation, which certificate will be valid for two years following the date of issuance.

On July 2, 2018, Acreage Holdings entered into a series of agreements with OHMM, LLC ("**OHMM**") and GL Therapeutics, pursuant to which OHMM granted Acreage Holdings the right to acquire GL Therapeutics and provide management services to GL Therapeutics pending the closing of the acquisition.

Pursuant to the terms of a MIPC Agreement, dated July 2, 2018, among Acreage Holdings and OHMM, OHMM committed to sell all of the outstanding equity interests in GL Therapeutics to Acreage Holdings. The sale of the interests of GL Therapeutics is contingent upon GL Therapeutics holding its license for the required holding period under Ohio law before an entity is permitted to transfer control of such license.

Also on July 2, 2018, Acreage Holdings and GL Therapeutics entered into a credit agreement, security agreement, membership interest pledge agreement, indemnity, guaranty agreement and revolving secured promissory note (collectively, the "**GT Loan Documents**"), pursuant to which Acreage Holdings agreed to loan GL Therapeutics up to $5.5 million to fund operations. The note matures on July 30, 2023, and bears interest at the prime rate of interest per annum published from time to time in the Wall Street Journal, beginning on August 1, 2019. Acreage Holdings holds a first-priority security interest in all of the properties, assets and rights of GL Therapeutics under the GT Loan Documents.

On August 8, 2018, Acreage Holdings and GL Therapeutics entered into a Management Services Agreement, pursuant to which Acreage Holdings provides management and operational support to GL Therapeutics and receives monthly compensation in consideration therefor based upon a fixed percentage of GL Therapeutics' net profits. GL Therapeutics and Acreage Holdings also entered into a Development Agreement, pursuant to which Acreage Holdings agreed to manage and coordinate the design and construction of GL Therapeutics' processing facility.

For further details in respect of the GL Therapeutics acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Greenleaf Apothecaries, LLC

Greenleaf Apothecaries, LLC ("**GL Apothecaries**") is a limited liability company formed on June 19, 2017 under the laws of the State of Ohio and operates medical cannabis dispensaries. On June 7, 2018, the Ohio Board of Pharmacy issued GL Apothecaries five provisional licenses to operate dispensaries in Akron, Canton, Cleveland, Columbus and Wickliffe under the Ohio Medical Marijuana Control Program. The provisional licenses expire on December 7, 2018. GL Apothecaries is in the process of obtaining "permanent" certificates of operation, which certificates will be valid for two years following the date of issuance.

On July 2, 2018, Acreage Holdings entered into a series of agreements with OHMM and GL Apothecaries, pursuant to which OHMM granted Acreage Holdings the right to acquire GL Apothecaries and provide management services to GL Apothecaries pending the closing of the acquisition.

Pursuant to the terms of a MIPC Agreement, dated July 2, 2018, among Acreage Holdings and OHMM, OHMM committed to sell all of the outstanding equity interests in GL Apothecaries to Acreage Holdings. The sale of the interests of GL Apothecaries is contingent upon GL Apothecaries holding its licenses for the required holding period under Ohio law before an entity is permitted to transfer control of such license.

Also on July 2, 2018, Acreage Holdings and GL Apothecaries entered into a credit agreement, security agreement, membership interest pledge agreement, indemnity and guaranty agreement and revolving secured promissory note (collectively, the "**GA Loan Documents**"), pursuant to which Acreage Holdings agreed to loan GL Apothecaries up to $10.5 million to fund operations. The note matures on July 30, 2023, and bears interest at the prime rate of interest per annum published from time to time in the Wall Street Journal, beginning on August 1, 2019. Acreage Holdings holds a first-priority a security interest in all of the properties, assets and rights of GL Apothecaries under the GA Loan Documents.

Acreage Holdings and GL Apothecaries entered into a Management Services Agreement, pursuant to which Acreage Holdings provides management and operational support to GL Apothecaries and receives monthly compensation in consideration therefor based upon a fixed percentage of GL Apothecaries' net profits.

For further details in respect of the GL Apothecaries acquisition, see "-- *Summary of Acreage Acquisitions"* below.

Greenleaf Gardens, LLC

Greenleaf Gardens, LLC ("**GL Gardens**") is a limited liability company formed on January 16, 2017 under the laws of the State of Ohio to operate a medical cannabis cultivation facility. GL Gardens sought the award of a license to operate its cultivation facility. GL Gardens is an intervenor in the pending state court lawsuit against the Department in Franklin County, Ohio, captioned *PharmaCann Ohio, LLC v. Jacqueline T. Williams, et al*., Case No. 17-CV-010962 (the "**GL Litigation**"). In such case, a number of applicants that applied to the Ohio Medical Marijuana Control Program for, but did not receive, provisional cultivation licenses have challenged the design, administration and execution of the process used to select provisional license awardees. GL Gardens intervened in the GL Litigation, solely asserting that the Ohio statutory framework for issuance of licenses under the Ohio Medical Marijuana Control Program is unconstitutional under the Ohio Constitution and the Fourteenth Amendment to the U.S. Constitution, both as applied and on its face. The parties to the GL Litigation have entered the discovery phase.

GL Gardens also has a pending administrative appeal challenging the decision not to award it a cultivator license. In such appeal, GL Gardens alleges the same claims and deficiencies as asserted in the GL Litigation.

On July 2, 2018, Acreage Holdings entered into a series of agreements with OHMM and GL Gardens, pursuant to which Acreage Holdings acquired the right to acquire GL Gardens and acquired the right to provide management services to GL Gardens pending closing of the acquisition.

Pursuant to the terms of a MIPC Agreement, dated July 2, 2018, among Acreage Holdings and OHMM, OHMM committed to sell all of the outstanding equity interests in GL Gardens to Acreage Holdings. The sale of the interests of GL Gardens is contingent upon the receipt GL Gardens of a cultivator provisional license and GL Gardens holding its licenses for the required holding period under Ohio law before an entity is permitted to transfer control of such license.

Also on July 2, 2018, Acreage Holdings and GL Gardens entered into a credit agreement, security agreement, membership interest pledge agreement, indemnity and guaranty agreement and revolving secured promissory note (collectively, the "**GG Loan Documents**"), pursuant to which Acreage Holdings agreed to loan GL Gardens up to $8.0 million to fund operations. The note matures on July 30, 2023, and bears interest at the prime rate of interest per annum published from time to time in the Wall Street Journal, beginning on August 1, 2019. Acreage Holdings holds a first-priority security interest in all of the properties, assets and rights of GL Gardens under the GG Loan Documents.

Acreage Holdings and GL Gardens entered into a Management Services Agreement, pursuant to which Acreage Holdings provides management and operational support to GL Gardens and receives monthly compensation in consideration therefor based upon a fixed percentage of GL Gardens' net profits. GL Gardens and Acreage Holdings also entered into a Development Agreement, pursuant to which Acreage Holdings agreed to manage and coordinate the design and construction of GL Gardens' processing facility.

Oklahoma

Acreage OK Holdings, LLC

Acreage OK Holdings, LLC ("**Acreage OK Holdings**") is a limited liability company formed on September 14, 2018 under the laws of the State of Oklahoma for the purposes of operating a vertically integrated medical cannabis business cultivating, processing, transporting and dispensing medical cannabis in Pocasset, Oklahoma. Acreage OK Holdings has submitted an application to obtain a license to operate such business to the Oklahoma Medical Marijuana Authority and remains in the process of obtaining such license.

Acreage Oklahoma, LLC ("**Acreage Oklahoma**") is a limited liability company formed on September 5, 2018 under the laws of the State of Oklahoma and owns 25% of the outstanding equity interests in Acreage OK Holdings. Acreage Oklahoma is a wholly owned subsidiary of Acreage Holdings. The remaining equity interests in Acreage OK Holdings are held by an unaffiliated third party, Greenjacks, LLC.

Acreage Oklahoma is the sole manager of Acreage OK Holdings. On October 1, 2018, Acreage Holdings, Acreage OK Holdings, Acreage Oklahoma, Greenjacks, LLC and Bobby Jackson entered into a Management Services Agreement, pursuant to which Acreage Oklahoma provides certain administrative, management and operational support to Acreage OK Holdings. In consideration for the services provided, Acreage Holdings receives a management fee equal to 100% of Acreage OK Holdings' monthly net income.

Rhode Island

Greenleaf Compassionate Care Center

Greenleaf Compassionate Care Center, Inc. ("**GCCC**") is a non-profit corporation formed on February 17, 2010 under the laws of the State of Rhode Island and operates a cultivation and processing facility in Newport and a dispensary in Portsmouth. On May 25, 2017, the Rhode Island Department of Business Regulation issued GCCC a license to operate its facilities. The license has been renewed without issue.

On October 9, 2018, Acreage Holdings entered into a securities purchase agreement among Acreage Holdings, GCCC Management, LLC ("**GCCCM**") and the holders of all of the outstanding equity in GCCCM, pursuant to which Acreage Holdings will acquire all of the outstanding equity in GCCCM. GCCCM and GCCC are in negotiations to enter into a master services agreement and a comprehensive integration agreement upon terms and conditions satisfactory to Acreage Holdings. Consummation of the transaction is subject to customary closing conditions, including satisfaction of diligence and approval by the State of Rhode Island.

Summary of Acreage Acquisitions

The following table sets out the material terms of each Acreage Acquisition:

Entity	State	Date of Closing	% Ownership acquired	Consideration for Transaction Related to Incremental Ownership (unaudited)					State Approval Required?
				Cash Payment ($)	Seller Notes ($)	Value of Class D Units ($)	Number of Class D Units	Total Consideration ($)	
Acreage Acquisitions									
CCC-CT	CT	May 31, 2018	100.0%	$ 250,000	$ 11,150,000	$ 3,100,000	500,000	$ 14,500,000	Yes
SSBP	MA	May 4, 2018	100.0%	$ 415,664	$ 2,056,367	$ 1,805,173	291,157	$ 4,277,204	Yes
IGF	IL	Pending	100.0%	$ 8,000,000	$ 7,500,000	$ -	-	$ 15,500,000	Yes
CCF	NJ	Pending	- %	$ 10,000,000	$ -	$ -	-	$ 10,000,000	Yes
GL Apothecaries	OH	July 2, 2018	- %	$ 4,162,500	$ 4,175,000	$ 4,162,500	671,371	$ 12,500,000	Yes
GL Therapeutics	OH	August 8, 2018	- %	$ 1,332,000	$ 1,336,000	$ 1,332,000	214,839	$ 4,000,000	Yes
GL Gardens	OH	Pending	- %	$ 1,665,000	$ 1,670,000	$ 1,665,000	268,548	$ 5,000,000	Yes
GCCC	RI	Pending	100.0%	$ 10,000,000	$ -	$ -	$ -	$ 10,000,000	TBD
Nature's Way[1]	FL	Pending	100.0%	$ 67,000,000	$ -	$ -	$ -	$ 67,000,000	TBD
Total of Acquisitions				**$ 35,825,164**	**$ 27,887,367**	**$ 12,064,673**	**1,945,915**	**$ 75,777,204**	

(1) As noted above, the sellers of Nature's Way may elect to receive up to $20,000,000 in consideration paid in Resulting Issuer subordinate voting shares in lieu of that amount in cash.

Other Investments

In addition to Acreage Holdings' interest in state-licensed cannabis cultivation, processing and dispensary operations, though its Subsidiaries, Acreage Holdings has also invested in non-core cannabis assets. While these investments are not part of Acreage Holdings' overarching business strategy, management believes that these investments are opportunistic and provide some additional diversification to its portfolio.

The following is a summary of each additional investment:

Colorado

Dixie Brands, Inc.

Dixie Brands, Inc. ("**Dixie**") is a corporation formed on May 5, 2014 under the laws of the State of Delaware. Dixie holds the exclusive licensing and intellectual property rights for the Dixie Elixirs and Edibles line of edibles, topicals and tinctures. Dixie has also established Therabis, a deliverable cannabis-based product to pets, and Aceso, a health and wellness product infused with CBD.

Dixie is currently operational in Colorado, California and Nevada, and sells more than 30 different products across 100 SKUs, representing one of the industry's leading brands of edibles, mints and energy shots. Melvin Yellin and Devin Binford, Managing Members of Acreage Holdings, sit on the board of directors of Dixie.

On March 31, 2015, Acreage Holdings entered into a Stock Assignment with Mr. Murphy pursuant to which it received 240,000 shares of common stock of Dixie from Mr. Murphy. See "*General Development of the Business - Selected Financings - Murphy Transaction*". On August 1, 2016, as part of an investment by Murphy Capital, LLC into Acreage Holdings, an additional 65,000 shares of common stock of Dixie were transferred to Acreage Holdings in exchange for 650,000 Acreage Holdings Class A Units.

On April 7, 2016, Acreage Holdings loaned $200,000 to Dixie and in return Dixie issued a promissory note in favor of Acreage Holdings to evidence such indebtedness (the "**Dixie Promissory Note**"). The Dixie Promissory Note had a maturity date of April 7, 2017. On July 31, 2018, Acreage Holdings converted the Dixie Promissory Note into 54,496 shares of Dixie common stock in full satisfaction of any amounts outstanding thereunder.

As a result of the foregoing transactions, as of the date hereof, Acreage Holdings owns 359,496 shares of common stock of Dixie, representing approximately 3% on a fully diluted basis. Acreage Holdings also owns warrants to acquire 27,548 shares of Dixie's common stock at $3.63 per share. The warrants expire on March 8, 2023.

Kalyx Development, Inc.

Kalyx Development LLC ("**Kalyx**") is a private real estate investment trust that acquires commercial and industrial properties for lease on a triple net basis to cannabis operators in states with legal medical and / or recreational cannabis industries. As of the date hereof, Acreage Holdings owns 656,434 shares of common stock and 50,000 shares of preferred stock of Kalyx, representing approximately 9% of Kalyx on a fully diluted basis.

Illinois

NCC Real Estate, LLC

NCCRE is a limited liability company formed on September 15, 2016 under the laws of the State of Illinois and owns a property containing a 5,600 square foot medical cannabis dispensary in Rolling Meadows, Illinois, which is leased to NCC. Acreage Holdings and owns 33.33% of the issued and outstanding membership interests of NCCRE.

The remaining two-thirds equity interests in NCCRE are owned by two entities unaffiliated with Acreage Holdings, each of which hold one third of the equity interests of NCCRE. The governance of NCCRE and the relationship between the members of NCCRE is governed by the limited liability agreement of NCCRE, dated June 27, 2016.

New Jersey

Wilkins Industrial Park, L.L.C. / DALD, LLC

Wilkins Industrial Park, L.L.C. ("**WIP**") is a limited liability company formed on June 10, 1994 under the laws of the State of New Jersey. WIP owns and operates a 110,600 square foot cannabis cultivation facility in Sewell, New Jersey. On April 9, 2018, Acreage Holdings entered into an Agreement of Option to Lease with WIP (the "**Sewell Option to Lease**") pursuant to which Acreage Holdings was granted the option to lease the facility upon the terms and conditions set forth in the Sewell Option to Lease. On September 10, 2018, WIP assigned its interest in the Sewell Option to Lease to DALD, LLC ("**DALD**"). DALD is a limited liability company formed on August 15, 2018 under the laws of the State of New Jersey. On November 7, 2018, Acreage Holdings exercised the Sewell Option to Lease, and DALD and Acreage Holdings entered into a Lease dated as of the same date (the "**Sewell Lease**"). Acreage Holdings has the right under the Sewell Lease to purchase the premises for $3,000,000 during the initial five-year term. The purchase price to acquire the premises during any subsequent terms will be the greater of $2.5 million and the appraised value. Acreage Holdings issued 419,355 Class D units valued at $6.20 per unit with a total value of $2.6 million upon exercising the Sewell Option to Lease.

Florida

Florida Wellness, LLC

Effective as of October 19, 2018, Acreage Holdings withdrew as a member and resigned as the manager of Florida Wellness, LLC ("**FLW**"), a limited liability company formed on June 27, 2016 under the laws of the State of Delaware for the purposes of investing in San Felasco Nurseries, Inc. ("**SFN**"). As a result, Acreage Holdings no longer holds any equity interests in FLW or SFN.

Upon withdrawal, FLW issued a $2.44 million promissory note to Acreage Holdings, due and payable upon the earlier of (i) six months after October 19, 2018 and (ii) five days following the closing of a transaction resulting in the transfer of SFN to an acquiring unrelated third party. Interest on the note accrues at 6.0% per annum.

Also in connection with the withdrawal, Acreage Holdings agreed to provide for the issuance of 5, 575 Resulting Issuer Warrants with a strike price equal to the price per share of the Finco SR Financing. These warrants will be issued to the remaining members of FLW on a pro rata basis.

Dispositions

Compass Ventures, Inc. ("**Compass**") was formed on April 10, 2014 under the laws of the State of Illinois and holds a cultivation center permit granted by the State of Illinois Department of Agriculture. On February 24, 2017, Acreage Holdings entered into an operating agreement (the "**Compass Operating Agreement**") with Compass pursuant to which Acreage Holdings acquired 24.5% of the outstanding membership units in the capital of Compass and 47.5% of Compass' ongoing net income, net losses and distributions. The Compass Operating Agreement further provides that Compass' original members receive a 5% preferential claim on all future distributions.

Greenhouse Compass, LLC ("**Greenhouse Compass**") was formed on January 25, 2017 in the State of Illinois and holds a Registered Medical Cannabis Dispensing Organization license granted by the State of Illinois Department of Financial and Professional Regulation. On February 24, 2017, Acreage Holdings entered into an operating agreement (the "**Greenhouse Compass Operating Agreement**") with Greenhouse Compass pursuant to which Acreage Holdings acquired 24.5% of the outstanding membership units in the capital of Greenhouse Compass and 47.5% of Greenhouse Compass' ongoing net income, net losses and distributions. The Greenhouse Compass Operating Agreement further provides that Greenhouse Compass' original members receive a 5% preferential claim on all future distributions.

On August 31, 2016, Acreage Holdings and Greenhouse Group, LLC ("**Greenhouse Group**") formed two joint venture operating companies, HSGH Properties, LLC and HSGH Properties Union, LLC (collectively, the "**HSGH Joint Ventures**").

On March 6, 2018, Acreage Holdings entered into an equity purchase agreement with Greenhouse Group to sell its equity interests in Compass, Greenhouse Compass and the HSGH Joint Ventures for total consideration of approximately $9.6 million. The transaction closed on May 14, 2018.

3.2 Significant Acquisitions and Dispositions

Significant Acquisitions

None of the Roll-Up Transactions or Acreage Acquisitions, as applicable, constitutes a "significant acquisition" within the meaning of Form 41-101F1, however, certain Roll-Up Transactions and Acreage Acquisitions, as applicable, constitute a "significant acquisition" for which financial statements would otherwise be required under National Instrument 41-101 - *General Prospectus Requirements* if this Listing Statement were a prospectus. Pursuant to Item 32 of Form 41-101F1, the financial statements to be included in this Listing Statement must include, among other things, the financial statements of a business or businesses acquired within the past two years or proposed to be acquired, if a reasonable investor reading the prospectus would regard the primary business to be the business or businesses acquired or proposed to be acquired (the "**Primary Business**").

Acreage Holdings has prepared and included standalone financial statements in this Listing Statement for each Roll-Up Transaction and Acreage Acquisition, as applicable, in respect of a Subsidiary that constitutes a Primary Business and is material to Acreage Holdings, being CCC-CT, PWCT, PATCC and WPMC. See "*General Development of the Business - General Development of the Business*" for further details concerning each of CCC-CT, PWCT, PATCC and WPMC and the Roll-Up Transactions and Acreage Acquisitions, as applicable.

No financial statements for Subsidiaries subject to the Roll-Up Transactions or Acreage Acquisitions, as applicable, which do not constitute a Primary Business, being those Subsidiaries whose principal assets are comprised of either management contracts or licenses (grow or dispensary) with no operational activities, or which would constitute a Primary Business but is otherwise immaterial to Acreage Holdings' business and operations, as a whole, have been included in this Listing Statement.

Pursuant to an application made to the Ontario Securities Commission, as principal regulator, Pubco obtained an order from the Ontario Securities Commission dated November 13, 2018 exempting Pubco from: (A) the requirements in subparagraph 4.10(2)(a) of NI 51-102 and item 5.2 of Form 51-102F3 *Material Change Report* to provide (i) audited annual financial statements for each of the Acquisition Entities for each of their three most recently completed financial years, (ii) comparative interim financial statements for each of the Acquisition Entities in respect of the most recently completed interim period completed prior to the Business Combination, (iii) management's discussion and analysis in respect of each of the financial statements referred to in (i) and (ii); and (B) from the requirements to include audited annual financial statements of Pubco, Acreage Holdings and each of the Material Acquisitions for the third most recently-completed financial year.

Please refer to the pro forma financial statements of the Resulting Issuer attached hereto as Schedule "G" to view the effect of the Roll-Up Transactions and Acreage Acquisitions that constitute material Primary Businesses on the operating results and financial position of the Resulting Issuer.

Significant Dispositions

No disposition was completed during the most recently completed financial year or current financial year which would constitute a "significant disposition" for which financial statements would be required under NI 41-101 if this Listing Statement were a prospectus.

3.3 Trends, Commitments, Events or Uncertainties

On February 8, 2018, the Canadian Securities Administrators issued Staff Notice 51-352 (Revised) - *Resulting Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**") which provides specific disclosure expectations for issuers that have U.S. cannabis-related activities. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents. In accordance with the Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
All Resulting Issuers with U.S. Marijuana-Related Activities	Describe the nature of the Resulting Issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	*Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*Cover Page (disclosure in bold typeface)*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the Resulting Issuer conducts U.S. marijuana-related activities.	*Section 1.3 Cautionary Statement Regarding the Business* *Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business* *Section 17 - Risk Factors*
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the Resulting Issuer's ability to operate in the U.S.	*Section 17 - Risk Factors*
	Given the illegality of marijuana under U.S. federal law, discuss the Resulting Issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	*Section 4 - Narrative Description of the Business* *Section 17 - Risk Factors*
	Quantify the Resulting Issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	*Section 5 - Selected Consolidated Financial Information* Schedules "C", "E" and "G" to the Listing Statement. **Note: at the time of the Listing Statement, the major operations of the Resulting Issuer are only in the United States**
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	Legal advice has been obtained.
U.S. Marijuana Resulting Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Resulting Issuer operates and confirm how the Resulting Issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business*
	Discuss the Resulting Issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the Resulting Issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the Resulting Issuer's license, business activities or operations.	*Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business* *Section 17 - Risk Factors*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
U.S. Marijuana Resulting Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Resulting Issuer's investee(s) operate.	*Section 4 -Narrative Description of the Business*
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the Resulting Issuer is aware, that may have an impact on the investee's license, business activities or operations.	*Section 3 - General Development of the Business* *Section 4 -Narrative Description of the Business*
U.S. Marijuana Resulting Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Not applicable.*

Regulatory Overview

In accordance with Staff Notice 51-352, a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where Acreage Holdings is currently directly involved through its Subsidiaries can be found under *"Market Information, Trends, Commitments, Events and Uncertainties Usage of Cannabis"*. The Subsidiaries are directly engaged in the manufacture, possession, use, sale or distribution of cannabis in the recreational and/or medicinal cannabis marketplace in the following U.S. states: California, Florida, Illinois, Iowa, Maryland, New Hampshire, New York, North Dakota, Oregon and Pennsylvania. In addition, Acreage Holdings has pending transactions which, if consummated, would result in it being engaged, through its Subsidiaries, in the manufacture, possession, use, sale or distribution of cannabis in the recreational and/or medicinal cannabis marketplace in the following additional U.S. states: Connecticut, Illinois, Iowa, Massachusetts, New Jersey, North Dakota, Ohio, Oklahoma and Rhode Island. In accordance with Staff Notice 51-352, Acreage Holdings will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and any supplements or amendments hereto will be reflected in, and provided to, investors in public filings of the Resulting Issuer, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Any non-compliance, citations or notices of violation which may have an impact on any Subsidiary's licenses, business activities or operations will be promptly disclosed by the Resulting Issuer.

Recently, news media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States-Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time. See *"Risk Factors - Risks Generally Related to the Resulting Issuer - Key Personnel"* and *"Risk Factors - Risks Generally Related to the Resulting Issuer - Canada-United States Border Risks"*.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Narrative Description of the Business

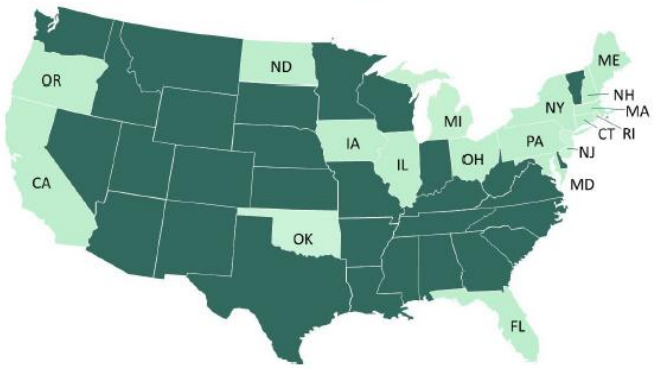
Prior to the RTO, Pubco had no active business operations aside from seeking business opportunities. Upon effecting the RTO, the below description of Acreage Holdings business will become that of the Resulting Issuer.

Acreage Holdings Overview

Acreage Holdings is one of the United States' largest vertically integrated, multi-state operators in the cannabis industry. Headquartered in New York, the operations of the business include cultivating, processing, distributing and retailing high-quality, effective cannabis. Acreage Holdings markets to medical and adult-use customers through brand strategies intended to build trust and loyalty.

Acreage Holdings and its Founder, Chairman and CEO, Mr. Murphy, have been at the forefront of professional, legal cannabis since Mr. Murphy's initial investment into Maine in 2011. Since that time, Acreage Holdings has acquired and won cannabis licenses as one of the most trusted and capable operators in this space.

The Acreage Footprint



Today, the footprint of Acreage Holdings spans 14 states, a combination of medical and adult-use markets covering 133 million people. By including anticipated acquisitions, that footprint expands to 17 states covering 165 million people, over half of the U.S. population). With experience in both medical and adult-use markets, Acreage Holdings has the experience and knowledge to capitalize on the transition from medical to adult-use in a way that satisfies consumers and policymakers alike.

Currently, Acreage Holdings' footprint can be categorized by three development stages: license procurement (via application or acquisition), buildout and operational deployment. Cannabis is a young industry and Acreage Holdings currently has state-based operations in each of these development stages. The lead time to deploy a market can be substantial, especially on the cultivation and processing side of the business where structural build-outs are complex and generally involve compliance with complex and dynamic regulatory environments.

As noted in Section 3, beginning in April 2018, Acreage Holdings focused its business strategy on acquiring control over the Subsidiaries (i.e., entities other than Dixie, Kalyx, WPMC and NCCRE) in which it had an existing investment. With the exceptions noted in Section 3, all Subsidiaries are now 100% owned and controlled by Acreage Holdings. The Roll-Up, which, as discussed in Section 3, is substantially complete was necessary to realize the full opportunity for Acreage Holdings, creating corporate synergies for increased revenue growth and margins.

In anticipation of the Roll-Up, Acreage Holdings formed centralized operations and marketing teams that span across all markets in which it is involved with the objective of bringing economies of scale and operational consistency to the business. The team focuses on several important aspects of the business including construction, product development, retailing and marketing, in pursuit of a consistent and compelling experience within its stores and with its products. Acreage Holdings believes that its professional management team, recruited from adjacent industries, will be a differentiator in terms of its operational agility and ability to deliver on its vision.

Acreage Holdings organizes its operations as follows:

Components of Acreage Holdings' Cannabis Operations	
Cultivation	The growing of cannabis, typically conducted in controlled, indoor facilities or greenhouses. Outdoor cultivation occasionally occurs in certain markets in which regulations allow.
Processing	The production of sellable cannabis products, most typically "derivative" products that require extraction of cannabinoids for use in vape pen oils, lotions, tinctures and extracts. Processing includes the formulations and packaging for all branded products.
Retail	The dispensing of cannabis products to patients or adult-use customers via storefronts that are typically referred to as dispensaries.
Distribution	The wholesaling of cultivated or processed cannabis products to third-party retailers.

Acreage Holdings has licenses which permit it to engage in any or all of cultivating, processing, retailing and/or distributing legal cannabis in 14 states, of which 11 are currently in operation.

Of the licenses held by Acreage Holdings, it has licenses to operate cultivation facilities in nine states, of which seven are currently operating and Acreage Holdings anticipates an eighth to be operational before the end of 2018.

In most states, Acreage Holdings' processing facilities are co-located with its cultivation facilities. Acreage Holdings has licenses to process in nine states, of which seven are currently operational.

Acreage Holdings has licenses to operate 34 retail dispensaries in 11 states, of which 15 of such dispensaries are currently operational in seven states. By the end of 2018, Acreage Holdings anticipates opening an additional six dispensaries, including facilities in two additional states.

The following table provides a summary of Acreage Holdings operations:

The Acreage Holdings Portfolio				
#	State	Operating YE 2018	Vertically Integrated	State Highlights
1	California	Yes	No	Boutique grow and manufacturing as a hub for branded products and distribution
2	Connecticut	Yes	No	Two of nine dispensaries operating in the state
3	Illinois	Yes	Yes	One dispensary currently operating with cultivation coming online in 2019
4	Iowa	No	No	One of two cultivator/manufacturers in the state
5	Maine	Yes	Yes	Four of eight dispensaries in the market with a grow processor facility
6	Maryland	Yes	No	One of 102 retail licenses, dispensary located in Baltimore
7	Massachusetts	Yes	Yes	Licensed to open nine dispensaries (six via managed services relationship) with a 36,000 sq. ft cultivation and processing facility
8	Michigan	No	Yes	Local commercial relationship with real estate approved for use in cannabis business. Commercial partner in the process of obtaining licenses for vertical operation with 3+ retailers
9	New Hampshire	Yes	Yes	One dispensary located in Merrimack, densest portion of state
10	New Jersey	Yes	Yes	Acreage owns one of six vertical licenses in the state, adult use bill expected in 2019
11	New York	Yes	Yes	One of 10 vertical licenses with three retailers opening this year and one opening in early 2019.
12	North Dakota	No	No	Won dispensary license to be located in Fargo
13	Pennsylvania	Yes	No	High end indoor grow and manufacturing facility
14	Ohio	Yes	No	Five of 60 authorized dispensaries. One of only three applicants to be granted the maximum five dispensaries. Processing license.
15	Oregon	Yes	Yes	Five active dispensaries with a recently added cultivation facility
16	Rhode Island	Yes	Yes	One of three vertically integrated operations in the state

In addition to the above, Acreage Holdings has entered into agreements to expand its operations into Rhode Island, Florida and Michigan, and to expand existing operations in Illinois. Of these pending agreements, only Rhode Island has facilities that are currently operational.

Pending Acquisitions				
#	State	Operating YE '18	Vertically Integrated	State Highlights
1	Rhode Island	Yes	Yes	Signed agreement for one of the three vertical licenses in the state. Dispensary located in Portsmouth
2	Florida	No	Yes	Signed agreement for one of the 13 vertical licenses in the state with the right to open up to 30 dispensaries
3	Illinois	No	Yes	Pending acquisition of a cultivation license to create vertical integration with Acreage Holdings' dispensary.

As noted in Section 3, in certain states, state regulations require that licenses be held by non-profit entities which are also responsible for the conduct of business under those licenses. In those states, Acreage Holdings or one of its wholly-owned Subsidiaries have entered into management agreements which require Acreage Holdings to provide certain management and operational services to those entities in exchange for participatory economics, in each case as described in Section 3.

Acreage Holdings plans to continue its expansion, with active efforts underway to acquire new and existing licenses in states where it does not currently have operations, as well as to acquire additional capabilities and facilities within its existing states.

As at November 12, 2018, Acreage Holdings had approximately 280 full-time employees, on a consolidated basis with the Subsidiaries.

Market Overview

The legal U.S. cannabis industry is projected to reach $11 billion in 2018, rising to $23.4 billion in 2022 (*The Arcview Group - The State of Legal Marijuana Markets (6th Edition)*). Currently, 30 states and the District of Columbia in the U.S. have legalized and implemented a medical cannabis program. Nine states and the District of Columbia have also legalized the adult-use of cannabis.

Because states are independently legalizing cannabis use, almost every state has a different approach to its program. Patient conditions, market structures, consumption methods, product testing and packaging requirements are just a few of the variables that differentiate each program. The variances in the implementation of cannabis regulations can account for differences in patient adoption rates and per capita cannabis consumption.

Operating a cannabis business almost always requires a license from a state regulatory board and usually local municipality approval. Nearly all operations require some license from a state and/or a municipal regulatory body. While licensing rules vary from state to state, we generally seek to enter markets that have restrictions on the number of licenses available. Some markets (such as Ohio) have different licenses for each aspect of the business: cultivation, processing or retail dispensary establishment. Other states (such as New York) have issued combination licenses that incorporate two or more of these business activities into a single license. A core business strategy for Acreage Holdings is to operate as a vertically integrated enterprise, licensed to cultivate, process, and sell legal cannabis products. Acreage Holdings is vertically integrated in half of the states in which we are licensed to operate, and plans to transform virtually all of the others to vertically integrated markets as part of our strategic growth strategy.

Adult Use

Nine states, plus the District of Columbia, have legalized adult use cannabis, giving access to over 70 million Americans. Except for Vermont, Maine and the District of Columbia, adult use programs with regulations and taxation for cultivation, processing and dispensing have been implemented. Ballot initiatives or legislative actions are being widely discussed in numerous other states.

Medical Cannabis

Over half of the United States has legalized medical cannabis for its citizens, however, as noted above, these programs vary greatly. Some programs are robust with healthy regulations to give access to patients with a wide range of qualifying conditions. Other states are more restrictive, with a much more narrow set of qualifying conditions. The difference in qualifying conditions, among others, are the key factors influencing the adoption rate of a medical cannabis programs.

Not including the 10 markets that legalized adult use cannabis, there are 22 states that have medical cannabis utilizing THC and 16 others with restrictive low/no THC program.

Total Funds Available

Acreage Holdings has historically relied upon convertible debt and equity financings to satisfy its capital requirements and may require further capital to finance its development, expansion and acquisition activities moving forward.

The pro forma working capital position of the Resulting Issuer as of June 30, 2018, after giving effect to the RTO, as if it had been completed on that date, was approximately $387 million. This amount reflects the combined working capital of Acreage Holdings and Pubco as at June 30, 2018, as well as the RTO and related transactions discussed in further detail in the consolidated pro forma balance sheet of the Resulting Issuer, which is attached hereto as Schedule “G”. These transactions include the Acreage Holdings Note Financing as well as the Finco SR Financing.

The Finco SR Financing

In connection with the RTO, Finco completed the Finco SR Financing at a price of $25.00 per Finco Subscription Receipt (the "**SR Offering Price**") for gross proceeds of $314,153,600. On November 14, 2018, upon satisfaction of the Escrow Release Conditions, each Finco Subscription Receipt was automatically exchanged for one common share of Finco without payment of additional consideration or further action on the part of the holder in accordance with the Subscription Receipt Agreement. The common shares of Finco issued upon exercise of the Finco Subscription Receipts were exchanged for Subordinate Voting Shares pursuant to the RTO.

In connection with the Finco SR Financing, Acreage Holdings paid a cash fee to the Agents equal to 6.0% of the gross proceeds of the brokered portion of the Finco SR Financing in accordance with the terms and conditions of the Agency Agreement (such cash fee was reduced to 2.5% in respect of sales to subscribers on the president's list) and a financial advisory fee in the amount of $3,000,000 in connection with the non-brokered portion of the Finco SR Financing. As additional consideration, the Agents were granted Compensation Options ("**Compensation Options**") entitling the Agents to subscribe for that number of common shares of Finco as was equal to 2.0% of the number of Finco Subscription Receipts issued under the brokered portion of the Finco SR Financing (such number of Compensation Options was reduced to 1.5% in respect of sales to subscribers on the president's list). Each Compensation Option is exercisable for one Subordinate Voting Share (subject to any necessary adjustments) at the SR Offering Price for a period of 24 months following the date the Escrow Release Conditions are satisfied.

Purpose of Funds

Upon completion of the RTO, the Resulting Issuer expects to have approximately $316.2 million available for the principal purposes of supporting ongoing mergers and acquisitions activities, capital expenditures and general corporate purposes. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Resulting Issuer will be available, if required. It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the forthcoming 12-month period. The amounts shown in the table below are estimates only and are based on the information available to the Resulting Issuer as of the date of this Listing Statement.

Forecast 12 Month Budget

Expected Funds Available to the Resulting Issuer (1)	$387,211,000
Payment of Seller Notes	(30,000,000)
Cost of Issuance	(19,000,000)
Withholding Tax Payment(2)	(22,042,075)
General and Administrative Expenses	(20,000,000)
Committed Acquisition and Subsequent Build-Out	(102,000,000)
Future Capital Expenditures	(85,500,000)
Excess Funds Available to the Resulting Issuer for General Working Capital	$108,668,925

Notes:
(1) The Resulting Issuer expects to have positive cash from operations over the next 12 months to contribute to funding its ongoing operations.
(2) In connection with the Reorganization, non-U.S. holders of Acreage Holdings Units will generally be subject to U.S. withholding tax under Code Section 1446(f) upon the disposition of Acreage Holdings Units equal to 10% of the fair market value of shares received in the exchange, or approximately $22 million, based on the SR Offering Price of Subordinate Voting Shares. The Resulting Issuer will withhold 10% of the Subordinate Voting Shares delivered to non-U.S holders, or approximately 900,000 Subordinate Voting Shares, and the Resulting Issuer may cancel such Subordinate Voting Shares. In the case of the cancellation of such shares, the Resulting Issuer will pay the resulting tax withholding tax obligation out of the use of proceeds from the Finco SR Financing. The Resulting Issuer reserves the right to facilitate the sale of such shares and, in such case, to remit the proceeds thereof in satisfaction of its withholding tax obligation.

Ability to Access Public and Private Capital

Due to the present state of the laws and regulations governing financial institutions in the United States, certain banks refuse to provide banking services to businesses involved in the cannabis industry. Consequently, Acreage Holdings may not be able to obtain bank financing in the United States or financing from other United States federally regulated entities**.**

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Resulting Issuer. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants.

Acreage Holdings has historically, and continues to have, robust access to equity and debt financing from exempt markets in the United States. Acreage Holdings' executive team and management have extensive relationships with sources of private capital (such as funds and high net worth individuals).

Acreage Holdings has historically, and continues to have, robust access to equity and debt financing from the markets in the U.S. and Canada. Specifically: (i) on November 15, 2017, Acreage Holdings issued convertible promissory notes for gross proceeds of $31 million; (ii) On August 2, 2018, Acreage Holdings issued 19,352,143 Class E Membership Units for gross proceeds of approximately $119 million; and (iii) in connection with the RTO, on November 13, 2018, Acreage Holdings closed the Finco SR Financing for gross proceeds of approximately $315 million. Additionally, Acreage Holdings expects to raise capital, both in the form of debt and new equity offerings, during the next fiscal year.

Acreage Holdings also expects to generate adequate cash to fund its continuing operations. Acreage Holdings' business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements.

There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See *"Risk Factors - Risks Generally Related to the Resulting Issuer - Additional Financing"*.

Principal Products and Services

Acreage Holdings focuses on the cultivating, processing, distributing and retailing of top quality cannabis, cannabis derivative products and branded products. Prior to the Roll-Up, the various Subsidiaries had different product portfolios. As Acreage Holdings obtained full operational control as the result of the Roll-Up, it has pursued a hybrid branding approach, leveraging the loyalty and trust of The Botanist, Acreage Holdings' flagship retail brand, while acknowledging the power of a 'House of Brands' approach to target specific form factors and consumer demographics.

The Botanist retail concept was developed to bring a unique, consistent and scalable retail design and customer experience to cannabis, one that would appeal to a wide range of both adult-use and medicinal cannabis customers nationwide. Emphasizing the holistic and natural qualities of cannabis and delivered in an immersive retail experience that blends nature and science, The Botanist looks to deliver a level of education, sense of community, and welcoming experience Acreage Holdings believes is lacking in most cannabis dispensaries. The staff is highly trained and knowledgeable to help provide insight and guidance to customers and patients as they explore the far-reaching benefits of cannabis.

The Botanist core set of products includes but is not limited to flower, pre-rolls, vape pens, tinctures and capsules. Acreage Holdings aims to sell as many product forms in its dispensaries as individual state regulations allow. The Botanist portfolio will be rolled out across all of Acreage Holdings' assets, in conjunction with the implementation of strict standard operating procedures and robust quality control processes, allowing Acreage Holdings to provide consumers with nearly identical products across markets. This portfolio branding and standardization emphasizes The Botanist's promise of consistent, reliable and effective products, regardless of location.

Acreage Holdings supplements these categories with a 'House of Brands' approach to target more specific consumer needs. Diverging consumption methods requires unique brands to fulfill differentiated value propositions in categories such as edibles, beverages, topicals and concentrates. A variety of extraction methods will be used ranging from CO2 to butane to ethanol depending on the product requirements. Acreage Holdings boasts one of the top extraction teams in the cannabis industry, holding over 30 Cannabis Cup medals and led by Bill Fenger, the creator of 'Live Resin', a popular extraction technique which maintains the full spectrum of cannabinoids and terpenes to create superior products. With this deep technical cannabis experience supported with a robust in-house data analytics team, Acreage Holdings will utilize an agile product development workflow to continuously produce, test and launch new products. Data-driven decision making will inform which products to scale in which markets across Acreage Holdings' footprint, acknowledging the diversity of markets in the United States. Acreage Holdings' brands all hold the same consumer promise, that across every price point, Acreage Holdings delivers the absolute highest quality cannabis product.

The Subsidiaries are actively cultivating, manufacturing, distributing or retailing products in 11 states. As Acreage Holdings continues to standardize operating procedures of its Subsidiaries, full branded suites of products will begin to enter the market in the fourth quarter of 2018.

Operational Integration

In anticipation of the Roll-Up, Acreage Holdings built an operations team to be focused on integrating the properties acquired during and after the Roll-Up into a nationwide platform. Acreage Holdings is intently focused on becoming the first nationwide cannabis company operating to exceptionally high standards of efficiency, quality-control and customer satisfaction.

Prior to the completion of the Roll-Up, many of the Subsidiaries were operating independently and now require integration into a single operating model. The primary points of integration will be as follows:

- Rebranding of Retail Dispensaries: Currently, all but one of the Subsidiaries' open dispensaries are being operated under their original retail flags. Over the next 18 months, Acreage Holdings plans to transition those brands to one consistent retail brand and customer experience model: "The Botanist." This conversion will allow Acreage Holdings to build a national, trusted brand, leveraging Acreage Holdings' growing voice to drive awareness and traffic.

- Product Standardization: In order to fully capitalize on its geographic breadth and scale, Acreage Holdings needs to be able to consistently replicate branded products across its multiple markets. This requires the standardization of processes and equipment across the Subsidiaries' cultivation and processing facilities. This exercise includes the conformity of equipment platforms as well as the adoption of universal standard operating procedures and formulations.

- Systems Integration: A key focus for Acreage Holdings will be implementing consistent systems and technology across the businesses of the Subsidiaries. This integration exercise includes the unification of general ledger, enterprise resource planning and other software platforms. This initiative will allow for enhanced reporting capabilities, robust data collection and analysis.

Growth Strategy

Acreage Holdings intends to expand into new markets as well as its existing markets with more retail dispensaries, operational capabilities and unique product offerings. Acreage Holdings intends to pursue growth in the following ways:

- opening incremental dispensaries permitted under current licenses
- expansion of cultivation and processing capabilities
- expansion of vertically integrated capabilities
- broad distribution of Acreage Holdings' branded product portfolio
- entering new markets via application or M&A

Opening Incremental Dispensaries Permitted Under Current Licenses

In many states, the Subsidiaries still have the opportunity to open up incremental dispensaries that are permitted under the current licensing structures. The rapid build out of dispensary locations will be the largest driver of Acreage Holdings' revenue growth.

- Massachusetts: The first three Massachusetts dispensaries are expected to be opened by year-end 2018. PWC has licenses (via management services contracts) to open six additional dispensaries.

- Florida: If a potential acquisition in Florida is completed, Acreage Holdings will have the opportunity to open 30 dispensaries in Florida.

- Michigan: Pending completion of the joint venture with BTH, Acreage Holdings, under a managed services agreement, aims to open and operate at least three The Botanist dispensaries next year focusing on top population centers in the state, including Detroit, Ann Arbor, Flint and Lansing. Real estate has already been secured. Acreage Holdings anticipates it will be able to begin managed services operations quickly upon BTH's receipt of the licenses. Separately, Acreage Holdings is currently working through the local and state licensing approval process. Once approved, ownership of the assets under the managed services partnership will be transferred to Acreage Holdings.

- New York: NYCANNA is licensed to open four stores throughout the state. Three are expected to open by the end of 2018 with the fourth expected to open in early 2019. In keeping with the terms of the license, NYCANNA will launch Botanist dispensaries in Buffalo, Middletown, Queens and Farmingdale.

- North Dakota: After winning one of eight dispensary licenses, Acreage Holdings will locate The Botanist in Fargo and expects to be open in Q4 2019.

- Ohio: Through a management services arrangement, Acreage Holdings has access to five dispensary licenses to be located in Cleveland, Akron, Columbus, Canton and Wickliff. With a new and rapidly growing market, speed to market will be vital and Acreage Holdings expects to open all five stores in the first quarter of 2019.

- New Jersey: In addition to the one existing dispensary operating in New Jersey, Acreage Holdings believes that it has the ability under the current license held by CCF to open two additional dispensaries in the southern part of the state. Acreage Holdings is currently procuring locations for these two additional The Botanist dispensaries.

Expansion of Cultivation and Processing Capabilities

Acreage Holdings aims to build scalable cultivation and processing capabilities, bringing additional capacity online as justified by demand. Nearly all of Acreage Holdings' facilities contain room for expansion on property either within an existing structure or in an adjacent structure. Usually the cost for expansion is substantially lower than the initial cost given scalability of the non-canopy space to accommodate additional throughput.

- Florida: Pending completion of the proposed Florida acquisition, Acreage Holdings will seek a development site for the location of a greenhouse and indoor cultivation facility. The Florida license has no restrictions on canopy (the area of a cultivation facility actually used to grow cannabis) and management's expectation is to develop a property with the capacity for several hundred thousand square feet of cultivation space.

- Illinois: Pending completion of the proposed Illinois acquisition, Acreage Holdings intends to finish construction on the cultivation and processing facility in Freeport, Illinois. Construction on the 80,000 square foot facility was started by the prior owner in Freeport and has additional land to scale, if needed.

- Massachusetts: A 36,000 square foot facility in Sterling, Massachusetts, will be reserved for high quality indoor flower. In Rockland, a processing center is currently under construction which will create derivative products from wholesale cannabis.

- Maine: Currently in a 40,000 square foot building with nearly 12,000 square feet of canopy, WCM expects to expand capacity in 2019 to a total of nearly 24,000 square feet reflecting the estimated incremental demand.

- New Hampshire: PATCC operates 8,000 square feet of canopy with significant room for expansion within the 30,000 square foot building.

- New Jersey: A small 3,600 square foot indoor grow was being utilized by the operator before Acreage Holdings acquired CCF. To prepare for the increased demand throughout the state, Acreage Holdings is retrofitting a 125,000 square foot commercial greenhouse to provide 96,000 square feet of canopy in addition to full processing capabilities. The full available canopy will not be utilized until demand ramps up in the state.

- New York: With a 70,000 square foot cultivation and processing building, NYCANNA is prepared to scale up operations through an option to purchase adjacent land and construct a greenhouse which could support 100,000 square feet of greenhouse canopy. NYCANNA will monitor policy changes to inform estimated demand and build accordingly.

- Oregon: With completion expected in November 2018, Cannabliss & Co. will have 9,000 square feet of indoor canopy in a 30,000 square foot building. High-end, proprietary strains will be grown to service the five-dispensary footprint with the remaining space to be allocated to manufacturing once a processing license is secured.

- Pennsylvania: With its first harvest in May 2018, PWPA has 15,000 square feet of indoor capacity with adjacent land ready to build a greenhouse when demand in the market supports expansion. The Pennsylvania facility can support up to 100,000 square feet of greenhouse canopy.

- California: An oversupply in raw cannabis is expected by management, thus Acreage Holdings is not focused on scaling cultivation. Acreage Holdings' subsidiary, CWG, has 2,500 square feet of indoor canopy, housed in a 20,000 square foot building. CWG uses the remaining space for extraction, manufacturing and end product packaging.

- Iowa: Acreage Holdings' management is not expecting demand to ramp rapidly given the current constraints on demand in this market. Acreage Holdings expects to complete 1,200 square feet of canopy attached to a manufacturing lab to create end products in Q2 2019. This minimal implementation should allow us to cost-effectively await policy changes in that market that will allow more aggressive patient demand.

Expansion of Vertically Integrated Capabilities

In order to maximize efficiencies, control product quality and manage distribution, Acreage Holdings aims to be vertically integrated in most of the states in which its Subsidiaries operate. Acreage Holdings continues to pursue acquisition of additional assets and/or businesses within the states in which the Subsidiaries operate to maintain or improve its overall market share. Examples include:

- Connecticut: Acreage Connecticut, LLC, a wholly owned subsidiary of Acreage Holdings that does not currently have any operating assets or activity , has a pending application for two additional dispensary licenses in Connecticut. Additionally, Acreage Holdings anticipates that it may seek to acquire cultivation and processing capabilities in Connecticut.

- Pennsylvania: PWPA has a pending application for two dispensary licenses in Pennsylvania.

- Maryland: Acreage Holdings will continue to evaluate opportunities to potentially acquire cultivation and processing capabilities in Maryland; however, given the current state ownership limitation, with only one dispensary, Acreage Holdings believes the benefit of being vertically integrated in Maryland is marginal.

Broad Distribution of Acreage Holdings' Branded Product Portfolio

Acreage Holdings' product and marketing team is focused on developing branded cannabis products that will have substantial opportunity for wholesale market penetration. As U.S. markets mature, consumer choice will grow and buying patterns will be dictated more and more by brand affinity.

Entering New Markets via Application or M&A

Acreage Holdings has a proven ability to win limited licenses in emerging medical states such as Iowa, North Dakota and Pennsylvania. Acreage Holdings maintains a dedicated team focused on new license applications currently evaluating states such as Oklahoma, West Virginia and Virginia. In states where licenses have already been granted, Acreage Holdings anticipates that it will seek to acquire accretive operations and subsequently integrate those operations using its integration process.

Competition

Acreage Holdings and the Subsidiaries compete with a variety of different operators across the states in which they currently operate. In the majority of such states, there are specific license caps that create high barriers to entry. However, in some markets, such as California and Oregon, there are few caps on licenses creating a more open marketplace. Acreage Holdings views multi-state operators that have vertical operations as the most direct competition, including Green Thumb Industries, iAnthus, Medmen, and Curaleaf. Like Acreage Holdings, these companies can realize centralized synergies to produce higher margins when compared to single-state operators.

Additionally, Acreage Holdings competes with the unregulated black and grey markets. As the regulatory environment continues to be formalized and enforced, management believes there will be a major reduction of these operators.

Investment Strategy

Acreage Holdings intends to seek investment and acquisition opportunities in high-margin, fast-growth, cannabis-related businesses that are complementary to Acreage Holdings' footprint and/or range of products and services, operating in sectors with strong barriers to entry, or having a significant first-mover or other distinctive competitive advantages, servicing a large addressable revenue-generating market. Acreage Holdings intends to invest in technology to optimize Acreage Holdings' core business in addition to technologies that have the potential to be disruptive to the current industry. The viability of cannabis-related business models may be impacted by enforcement of federal drug laws against cannabis companies operating under state law, as well as by accelerated liberalization of cannabis regulation and enforcement on the federal and state level. Acreage Holdings intends to remain abreast of the latest regulatory and political developments impacting the space and seek to adjust its investment criteria accordingly.

4.2 Market Information, Trends, Commitments, Events and Uncertainties Usage of Cannabis

Competition between companies in the cannabis industry revolves primarily around the ability to attract community support, understand government policies and their implications, adjust to changing regulations, market differentiated products and development of effective cannabis strains and alternative products.

United States Regulation Environment

United States Federal Overview

The United States federal government regulates drugs through the CSA which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I controlled substance. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The DOJ defines Schedule I drugs, substances or chemicals as "drugs with no currently accepted medical use and a high potential for abuse." The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any condition.

State laws that permit and regulate the production, distribution and use of cannabis for recreational or medicinal purposes are in direct conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. Although Acreage Holdings' activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve Acreage Holdings of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against Acreage Holdings.

As of the date of this Listing Statement, 30 U.S. states and the District of Columbia have now legalized the cultivation and sale of full-strength cannabis for medical purposes. In nine U.S. states, the sale and possession of cannabis is legal for both medical and adult-use, the District of Columbia has legalized adult-use but not commercial sale. Sixteen states have also enacted low-THC / high-CBD only laws for medical cannabis patients. All considered, approximately 95% of Americans now live in states where some form of medical cannabis is legal.

The prior U.S. administration attempted to address the inconsistencies between federal and state regulation of cannabis in a memorandum which then-Deputy Attorney General James Cole sent to all United States Attorneys in August 2013 (the "**Cole Memorandum**") outlining certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, U.S. Attorney General Jeff Sessions formally issued a new memorandum (the "**Sessions Memorandum**"), which rescinded the Cole Memorandum. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress by following well-established principles when pursuing prosecutions related to cannabis activities. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future.

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress adopted amendments to the fiscal years 2015, 2016 and 2017 Consolidated Appropriations Acts (currently referred to as the "**Rohrabacher/Blumenauer Amendment**") to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The Rohrabacher/Blumenauer Amendment was included in the fiscal year 2018 budget passed on March 23, 2018. The Rohrabacher/Blumenauer Amendment was included in the short term spending bill signed into legislation by President Trump in September 2018 and will remain in effect until December 7, 2018. At such time, it may or may not be included in the omnibus appropriations package or a continuing budget resolution for fiscal 2019.

The Cole Memorandum and the Rohrabacher/Blumenauer Amendment gave medicinal cannabis operators and investors in states with legal regimes greater certainty regarding federal enforcement as to establish cannabis businesses in those states. While the Sessions Memorandum has introduced some uncertainty regarding federal enforcement, the cannabis industry continues to experience growth in legal medical and adult-use markets across the U.S. The legal U.S. cannabis industry is projected to reach $11 billion in 2018, rising to $23.4 billion in 2022 (*The Arcview Group - The State of Legal Marijuana Markets (6th Edition)*). U.S. Attorney General Jeff Sessions resigned on November 7, 2018. As of his resignation, Matthew Whitaker is the acting U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

Despite the expanding market for legal cannabis, traditional sources of financing, including bank lending or private equity capital, is lacking which is can be attributable to the fact that cannabis remains a Schedule I substance under the CSA. These traditional sources of financing are expected to remain scarce until the federal government legalizes cannabis cultivation and sales.

See *"Risk Factors"* for the risk of federal enforcement and other risks associated with the Resulting Issuer's business.

State-Level Overview

While Acreage Holdings is in material compliance with the rules, regulations and license requirements governing each state in which its Subsidiaries operate, there are significant risks associated with Acreage Holdings' business and the business of the Subsidiaries. Further, the rules and regulations as outlined below are not a full complement of all the rules that the Subsidiaries are required to follow in each applicable state.

Although each state has its own laws and regulations regarding the operation of cannabis businesses, certain of the laws and regulations are consistent across jurisdictions. As a general matter, to operate legally under state law, cannabis operators must obtain a license from the state and in certain states must also obtain local approval. In those states where local approval is required, local authorization is a prerequisite to obtaining state licenses, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The license application process and license renewal process is unique to each state. However, each states' application process requires a comprehensive criminal history, regulatory history, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to ensure only good actors are granted licenses and that licensees continue to operate in compliance with the state regulatory program.

License applicants for each state must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the state's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

As a condition of each state's licensure, operators must consent to inspections of the commercial cannabis facility as well as the facility's books and records to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections and have already commenced both site-visits and compliance inspections for operators who have received state temporary or annual licensure.

To strengthen the communication and transparency between Acreage Holdings and its Subsidiaries, Acreage Holdings and its Subsidiaries utilize a third-party enterprise compliance platform, which facilitates a regulatory document control workflow for each state and issues alerts for time sensitive information requests for events such as license renewal an impending inspection. The software features a robust auditing system that allows for both internal as well as third-party compliance auditing, covering all state, municipal, facility and operational requirements. The third-party software facilitates the implementation and maintenance of compliant operations and tracks all required licensing maintenance criteria, which include countdown features and automatically generated reminders for initiating renewals and required reporting. Though Acreage Holdings complies with all aspects of the required state regulations, Acreage Holdings believes that the core to ensuring a comprehensive compliance program is to weigh the risk of each regulation and ensure on a regular basis that the operators are properly controlling these risks.

Prior to the 2018 midterm elections in the U.S., there were 30 states, in addition to Washington, D.C., with programs that administer and control the dispensary of medical cannabis. See the table below:

	State	Date Effective
1.	Alaska	March 4, 1999
2.	Arizona	November 2, 2010
3.	Arkansas	November 9, 2016
4.	California	November 6, 1996
5.	Colorado	June 1, 2001
6.	Connecticut	May 4, 2012
7.	Delaware	July 1, 2011
8.	Florida	November 8, 2016
9.	Hawaii	December 28, 2000
10.	Illinois	January 1, 2014
11.	Maine	December 22, 1999
12.	Maryland	June 1, 2014
13.	Massachusetts	January 1, 2013
14.	Michigan	December 4, 2008
15.	Minnesota	May 30, 2014
16.	Montana	November 2, 2004

	State	Date Effective
17.	Nevada	October 1, 2001
18.	New Hampshire	July 23, 2013
19.	New Jersey	July 18, 2010
20.	New Mexico	July 1, 2007
21.	New York	July 5, 2014
22.	North Dakota	November 8, 2016
23.	Ohio	September 8, 2016
24.	Oklahoma	June 26, 2018
25.	Oregon	December 3, 1998
26.	Pennsylvania	May 17, 2016
27.	Rhode Island	January 3, 2006
28.	Vermont	July 1, 2004
29.	Washington	November 3, 1998
30.	Washington, DC	July 27, 2010
31.	West Virginia	April 19, 2017

An additional 16 states have laws specifically related to the legal use of CBD, mainly in extract form, which contains a low amount of THC and is often used in the treatment of epilepsy or seizures. See the table below:

	State	Date Legalized
1.	Alabama	April 1, 2014
2.	Delaware	June 23, 2015
3.	Florida	June 16, 2014
4.	Georgia	April 16, 2015
5.	Iowa	May 30, 2014
6.	Kentucky	April 10, 2014
7.	Mississippi	April 17, 2014
8.	Missouri	July 14, 2004

	State	Date Legalized
9.	North Carolina	July 3, 2014
10.	Oklahoma	April 30, 2015
11.	South Carolina	June 2, 2014
12.	Tennessee	May 16, 2014
13.	Texas	June 1, 2015
14.	Utah	March 21, 2014
15.	Virginia	February 26, 2015
16.	Wisconsin	April 16, 2014

Furthermore, Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont, Washington and Washington D.C. have legalized cannabis for recreational adult-use. See the table below:

	State	Date Legalized		State	Date Legalized
1.	Alaska	November 4, 2014	6.	Nevada	January 1, 2017
2.	California	November 9, 2016	7.	Oregon	November 4, 2014
3.	Colorado	November 6, 2012	8.	Vermont	July 1, 2018
4.	Maine	January 30, 2017	9.	Washington	November 6, 2014
5.	Massachusetts	November 8, 2016	10.	Washington DC	February 24, 2015

Compliance Summary

Acreage Holdings monitors the applicable rules and regulations of each state in which it has, indirectly through its Subsidiaries, licenses, permits, or operations. Acreage Holdings maintains a database and tracks each license or permit held by its Subsidiaries, showing the renewal date, inspection schedules, and the results of any regulatory inspection reports. Acreage Holdings will also monitor any action taken by its Subsidiaries in response to a change of governing regulations or suggestions from regulators.

Acreage Holdings' compliance team continually monitors and reviews correspondence and changes to, and updates of, rules or regulatory policies impacting the operation of the businesses carried on by its Subsidiaries in each U.S. state in which it has operations. Acreage Holdings requires its Subsidiaries to implement internal processes for compliance reviews as required by Acreage Holdings from time to time, with specific guidelines as to which reports shall be immediately sent to Acreage Holdings for review.

Acreage Holdings' business is described in this Listing Statement under various headings, including "*Corporate Structures*", "*General Development of the Business*", "*Narrative Description of the Business*", and "*Risk Factors*". Acreage Holdings, through its Subsidiaries, has operations in 17 states in the U.S. Acreage Holdings, along with its U.S. legal counsel and the professional advisors which helped it obtain and maintain its state licenses and permits required for the operating of the business, will have monthly meetings to monitor compliance with internal and regulatory procedures and anticipates that such monthly meetings will continue.

The Regulatory Landscape on a U.S. State Level

California

Legislative History

In 1996, California voters passed Proposition 215, the Compassionate Use Act allowing physicians to legally recommend medical cannabis for patients who would benefit from cannabis. The Compassionate Use Act legalized the use, possession and cultivation of medical cannabis for a set of qualifying conditions including AIDS, anorexia, arthritis, cachexia, cancer and chronic pain. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses that emerged as a result.

In September 2015, the California legislature passed three bills, collectively known as the "**Medical Marijuana Regulation and Safety Act**". The Medical Marijuana Regulation and Safety Act established a licensing and regulatory framework for the medical cannabis businesses in California. Multiple agencies oversee different aspects of the program and require businesses obtain a state license and local approval to operate.

In November 2016, voters in California passed Proposition 64, the Adult Use of Marijuana Act ("**AUMA**") creating an adult-use cannabis program for individuals 21 years of age or older. AUMA contained conflicting provisions with the Medical Marijuana Regulation and Safety Act. Consequently, in June 2017, the California State Legislature passed Senate Bill No. 94, known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which combined the Medical Marijuana Regulation and Safety Act and AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses. The three agencies that regulate cannabis at the state level are: (a) the California Department of Food and Agriculture, via CalCannabis, which issues licenses to cannabis cultivators, (b) the California Department of Public Health, via the Manufactured Cannabis Safety Branch, which issues licenses to cannabis manufacturers and (c) the California Department of Consumer Affairs, via the Bureau of Cannabis Control, which issues licenses to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies also oversee the various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their emergency rulemakings at the end of 2017 and have started issuing temporary licenses.

To legally operate a medical or adult-use cannabis business in California, the operator must have both local approval and a state license. This requires license holders to operate in cities with cannabis licensing and approval programs. Municipalities in California are authorized to determine the number of licenses they will issue to cannabis operators, or can choose to outright ban the cultivation, manufacturing or the retail sale of cannabis. MAUCRSA went into effect on January 1, 2018.

On May 18, 2018, the California Department of Consumer Affairs, the California Department of Public Health and the California Department of Food and Agriculture proposed to re-adopt their emergency cannabis regulations. The three licensing authorities proposed changes to the regulatory provisions to provide greater clarity to licensees and to address issues that have arisen since the emergency regulations went into effect in December 2017. Highlighted among the changes are that applicants may now complete one license application which will allow for both medicinal and adult-use cannabis activity. These emergency cannabis regulations were officially readopted on June 4, 2018 and came into effect on June 6, 2018. The readopted emergency regulations will remain in effect for 180 days. During this time, the three licensing authorities will engage in the regular rulemaking process to adopt its final non-emergency regulations. The final rules will be adopted in December 2018.

Licenses

Although vertical integration across multiple license types is allowed under the state regulations, it is not required. Acreage Holdings through CWG holds three licenses in the state and has received local approval. CWG holds cultivation/grow, manufacturing and distribution licenses. The manufacturing license is denoted as a Type 7 which provides CWG the authorization to manufacture cannabis products using volatile solvent as well as non-volatile extraction methods. Each license issued gives CWG the ability to operate as a medical and adult-use provider. The table below lists the licenses issued to the CWG cannabis operations in California.

Subsidiary	License Number	City	Expiration Date	Description
CWG Botanicals, Inc	TML17-0000758	Oakland	12/21/2018	Grow
CWG Botanicals, Inc	CDPH-T00000387	Oakland	11/2/2018	Manufacturing
CWG Botanicals, Inc	M11-18-0000056-TEMP	Santa Cruz	1/31/2019	Distribution

The California dispensary, grower and processing state and local licenses are renewed annually from the date of issuance. CWG holds temporary licenses and are awaiting the state to issue the annual licenses. CalCannabis is expected to go live on Franwell Inc.'s METRC solution ("**METRC**") late 2018 and early 2019. The license holders are required to submit a renewal application per the guidelines under Text of Emergency Rules section 8203. An application for renewal of a cultivation license shall be submitted to the state at least thirty (30) calendar days prior to the expiration date of the current license. A license holder that does not submit a completed license renewal application to the state within thirty (30) calendar days after the expiration of the current license forfeits their eligibility to apply for a license renewal and, instead, would be required to submit a new license application. The license holders must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of this state.

Record-keeping/Reporting

California has selected METRC as the track and trace ("**T&T**") system used to track commercial cannabis activity. As of November 9, 2018, the implementation of METRC state-wide is still in progress and not yet released. CWG will use a third-party platform, QuantumLeap, which will feed data to METRC to meet all reporting requirements.

Licensees are required to maintain records for at least seven years from the date a record is created. These records include: (a) a cultivation plan, (b) all supporting documentation for data or information input into the T&T system, (c) all unique identifiers ("**UID**") assigned to product in inventory and all unassigned UIDs, (d) financial records related to the licensed commercial cannabis activity, including bank statements, tax records, sales invoices and receipts, and records of transport and transfer to other licensed facilities, (e) records related to employee training for the T&T system, and (f) permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.

Inventory/Storage

Each licensee is required to assign an account manager to oversee the T&T system. The account manager is fully trained on the system and is accountable to record all commercial cannabis activities accurately and completely. The licensee is expected to correct any data that is entered into the T&T system in error within three (3) business days of discovery of the error.

The licensee is required to report information in the T&T system for each transfer of cannabis or nonmanufactured cannabis products to, or cannabis or non-manufactured cannabis products received from, other licensed operators. Licensees must use the T&T system for all inventory tracking activities at a licensed premise, including, but not limited to, reconciling all on-premise and in-transit cannabis or non-manufactured cannabis product inventories at least once every 14 business days. The licensee must store cannabis and cannabis products in a secure place with locked doors.

Security

A licensee is required to maintain an alarm system capable of detecting and signaling the presence of a threat requiring urgent attention and to which law enforcement are expected to respond. A licensee must also ensure a professionally qualified alarm company operator or one of its registered alarm agents installs, maintains, monitors, and responds to the alarm system.

The manufacturing and cultivation of cannabis must use a digital video surveillance system which runs 24 hours a day, seven days a week and effectively and clearly records images of the area under surveillance. Each camera must be placed in a location that clearly records activity occurring within 20 feet of all points of entry and exit on the licensed premises. The areas that will be recorded on the video surveillance system should include the following: (a) areas where cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the premises, (b) limited-access areas, (c) security rooms and, (d) areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area. Surveillance recordings must be kept for a minimum of 90 days.

Transportation

Transporting cannabis goods between licensees and a licensed facility may only be performed by persons holding a distributor license. The vehicle or trailer used must not contain any markings or features on the exterior which may indicate or identify the contents or purpose. All cannabis products must be locked in a box, container, or cage that is secured to the inside of the vehicle or trailer. When left unattended, vehicles must be locked and secured. At a minimum, the vehicle must be equipped with an alarm system, motion detectors, pressure switches, duress, panic, and hold-up alarms.

Connecticut

Connecticut's Medical Marijuana Program (the "**CT Program**") was enacted on June 1, 2012 with the signing into law of Act 12-55, the Act Concerning the Palliative Use of Marijuana (the "**CT Act**"). The CT Program protects patients and caregivers who hold valid medical cannabis registration cards from prosecution for possession of cannabis obtained from licensed dispensaries. Patients are eligible for a medical cannabis registration card if they have a qualifying debilitating medical condition, obtain a medical cannabis recommendation from a CT Program registered physician, and register as a qualified patient through the CT Program. In February 2016, the list of qualifying debilitating medical conditions was raised from 11 to 17 adding sickle cell disease, cerebral palsy, and cystic fibrosis to the list which already included, among others, cancer, HIV/AIDS, Parkinson's disease, and Multiple Sclerosis. Caregivers may register with the CT Program if they are designated by a qualifying patient, receive certification from a registered physician, and pass a criminal background check. The good standing of patients, caregivers, and physicians under the CT Program is subject to timely reporting and annual renewal requirements.

In April 2014, Connecticut's Department of Consumer Protection initially approved six dispensary licenses and in January 2016, Connecticut's Department of Consumer Protection (the "**CT DCP**") approved three additional applicants. Connecticut began accepting written certifications from physicians to qualify patients on October 1, 2012. As of November 4, 2018, there are approximately 30,048 patients certified to obtain cannabis through the CT Program.

Licenses

The CT DCP is responsible for the CT Program and is authorized to issue dispensary and producer/grower licenses. Currently, the CT DCP has issued nine dispensary and four producer/grower licenses. Two of the nine dispensary licenses have been issued to a Subsidiary.

On January 3, 2018 the CT DCP issued a Request for Application for additional medical cannabis dispensaries with plans to award at least three new licenses. Acreage Holdings through its subsidiary Acreage Connecticut, LLC submitted an application in response to the Request for Application and is awaiting the CT DCP's review and award decision.

The below table lists the licenses issued to the Subsidiaries:

Subsidiary	License number	City	Expiration Date	Description
CCC-CT	MMDF.0000003	Bethel	5/13/2019	Dispensary Facility
PWCT	MMDF.0000004	South Windsor	4/10/2019	Dispensary Facility

Each license qualifies a dispensary to purchase medical cannabis in good faith from licensed medical cannabis producers and to dispense cannabis to qualifying patients or primary caregivers that are registered under the CT Program. Dispensary license holders are required to ensure that no cannabis is sold, delivered, transported, or distributed to a location outside of the state. Under the CT Program, dispensary licenses are renewed annually. Renewal applications must be submitted 45 days prior to license expiration and any renewal submitted more than 30 days after expiration will not be renewed.

Record-keeping/Reporting

Connecticut does not mandate use of any singular unified T&T system by which all dispensary license holders submit data directly to the state. Acreage Holdings' license holders, CCC-CT and PWCT, use a third-party solution, THC BioTrack, to push data to the state to meet all reporting requirements.

The CT Program provides strict guidelines for reporting via the license holder's third-party T&T system. Every cannabis sale must be documented at the point of sale including recording the date and purchaser's signature. At least once per day, all sales must be uploaded via the T&T system to the Connecticut Prescription Monitoring Program which accumulates and tracks medical cannabis purchases across all Connecticut dispensaries. The CT Program requires that records are kept for a minimum of three years.

Inventory

Upon receipt of a cannabis product, each product must be cataloged and entered in the dispensary's T&T system. The information required by the CT Program includes the quantity of product received, its lot number, expiration date, and strain. Only registered dispensary pharmacists may accept delivery of cannabis and related products. A delivery receipt for cannabis and cannabis products must be signed by the accepting dispensary pharmacist and be attached to the delivery manifest. Each delivery manifest must be kept on file for three years. Once per week, a count of cannabis product stock is to be conducted by a dispensary pharmacist which includes tracking the producer's name, type and quantity of cannabis, and a summary of inventory findings. Any discrepancies must be rectified and documented. Any unrectified discrepancy must be disclosed to the dispensary manager who, if necessary, will notify the CT DCP. Annual controlled substance inventories are required to be conducted on a date specified by the dispensary manager also to be kept on file for three years.

Storage/Security

The CT Program requires that dispensaries adhere to strict cannabis storage and security guidelines to maintain control against diversion, theft, and loss of cannabis or cannabis products. Each dispensary is required to (a) establish a security plan including approved safes for storage of all cannabis products, (b) maintain daily supplies of product in locked cabinets, (c) install safes accessible only to the dispensary pharmacist or manager, (d) utilize commercial grade motion detectors and video cameras in all areas that contain cannabis, and (e) install cameras directed at all safes, vaults, dispensing and sale areas, or any other area where cannabis is stored or handled.

Furthermore, the CT Act prescribes that dispensaries must retain and present all video upon request of the Connecticut Department of Public Health ("**DPH**"). Specifically, dispensaries must (a) make the latest 24 hours of video readily available for immediate viewing upon request of a state authorized representative, and (b) retain all videos for at least 30 calendar days. Additionally, dispensaries must install strategically placed duress and panic alarms, both silent and audible, that trigger a law enforcement response. Employees are also required to wear panic alarm buttons for an additional level of safety and security.

Training & Education

All dispensary staff pharmacists must go through a training program on cannabis and cannabis products. Such training must include covering the chemical components of cannabis and use of ancillary cannabis delivery devices. Pharmacist training should prepare pharmacists how to best assess the needs of qualified patients during required new-patient private consultations. During such consultations, pharmacists are required to educate new patients on their qualified debilitating medical condition, allergies, medication profile, cannabis use, and cannabis delivery methods. Pharmacists have sole responsibility to recommend products based on the patients' individual needs.

Like dispensary staff pharmacists, dispensary technicians and employees also must meet training guidelines as set forth by the CT Program. Dispensary technicians must be trained on professional conduct, ethics, patient confidentiality, and developments in the field of medical cannabis use, among other pertinent topics commensurate with the technician's professional responsibilities. Dispensary employees, among other things, must be trained on the proper use of security measures and controls, procedures for responding to an emergency, and patient confidentiality. A record of all staff training and patient education must be maintained and made available for review at the request of the DPH.

Florida

Legislative History

On June 16, 2014, the Florida state governor signed Senate Bill 1030, also known as the Compassionate Medical Cannabis Act of 2014 ("**CMCA**"). The CMCA legalized low THC for medical patients suffering from cancer or "a physical medical condition that chronically produces symptoms of seizures", such as epilepsy, "or severe and persistent muscle spasms". The CMCA requires physician approval and determination that no other satisfactory alternative treatment options exist for that patient. The CMCA also authorizes medical centers to conduct research on low THC cannabis.

On November 8, 2016, Amendment 2 was added to Florida's state constitution. Amendment 2 protects qualifying patients, caregivers, physicians, and medical cannabis dispensaries and their staff from criminal prosecutions or civil sanctions under Florida law. Amendment 2 also expanded the definition of debilitating diseases to include 13 conditions including HIV/AIDS, Crohn's disease and post-traumatic stress disorder. Amendment 2 became effective on January 3, 2017. Act 2 provides a regulatory framework that requires licensed producers, which are statutorily defined as Medical Marijuana Treatment Centers (each, a "**MMTC**"), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

Licenses

Licenses are issued by the Florida Department of Health ("**FDH"**). Applicants are required to provide comprehensive business plans with demonstrated knowledge and experience on execution, detailed facility plans, forecasted performance and robust financial resources. Technical ability on plant and medical cannabis cultivation, infrastructure, processing, dispensing and safety are also assessed.

License holders are permitted to maintain one license. However, the one license allows the licensee to open one cultivation/processing site and up to 25 dispensaries. The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients. The state does not allow the smoking of cannabis for medical use and does not permit the dispensing of whole flowers. As of July 6, 2018, there were 109,163 patients with an approved medical ID card, 13 approved medical cannabis treatment centers and 43 approved retail dispensing locations. Licensed medical cannabis treatment centers are authorized to cultivate, process and dispense medical cannabis.

Acreage Holdings, through FLW, formerly held an investment in SFN. SFN, which is doing business as the Green Solution, is the licensee. As Florida is a vertically integrated system, SFN is permitted to cultivate, harvest, process and sell/dispense/deliver its own medical cannabis products. As of July 25, 2018, SFN is cultivating cannabis, however, does not have an operational dispensary. In October 2018, Acreage Holdings withdrew as a member of FLW, and therefore is no longer a shareholder in SFN. As discussed in Section 3.1, Acreage Holdings has entered into a purchase agreement to acquire Nature's Way, which is in the process of acquiring a license to operate as a medical cannabis treatment center in Florida.

Inventory Storage

The FDH requires that the MMTC license holder establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the department to data from all medical cannabis treatment centers and cannabis testing laboratories. At a minimum, the T&T system will track when cannabis seeds are planted, harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. The FDH has not chosen a unified system. Therefore, the licensee can choose their own T&T system.

Security

With respect to security requirements for cultivation, processing and dispensing facilities, a MMTC must maintain a fully operational alarm system that secures all entry points and perimeter windows, and is equipped with motion detectors, pressure switches, duress, panic and hold-up alarms. The MMTC must also have a 24-hour video surveillance system with the following features: (a) cameras positioned for the clear identification of persons and activities in controlled areas including growing, processing, storage, disposal and point-of-sale rooms, (b) cameras fixed on entrances and exits to the premises, and (c) ability to record images clearly and accurately together with the time and date. Facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00p.m. and 7:00a.m. However, it may perform all other operations and deliver cannabis to qualified patients 24 hours a day.

Cannabis must be stored in a secured, locked room or a vault. A MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis occurs. A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system. Further, a copy of the transportation manifest must be provided to the MMTC when receiving a delivery. Each MMTC must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must always have their employee identification on them. Lastly, at least two people must be in a vehicle transporting cannabis, and at least one person must remain in the vehicle while the cannabis is physically delivered.

Illinois

Legislative history

The Compassionate Use of Medical Cannabis Pilot Program Act (the "**IL Act**") was signed into law in August 2013 and took effect on January 1, 2014. The IL Act provides medical cannabis access to registered patients who suffer from a list of over 30 medical conditions including epilepsy, cancer, HIV/AIDS, Crohn's disease and post-traumatic stress disorder. As of September 1, 2018, approximately 44,200 patients have been registered under the IL Act and are qualified to purchase cannabis and cannabis products from registered dispensaries. The program is expected to remain in a pilot stage through July 2020, at which point the IL Act will be re-evaluated for future implementation.

Licenses

Oversight and implementation under the IL Act are divided among three Illinois state departments: the Department of Public Health (the "**IL DPH**"), the Department of Agriculture (the "**IL DA**"), and the Department of Financial and Professional Regulation (the "**IL DFPR**"). The IL DPH oversees the following IL Act mandates: (a) establish and maintain a confidential registry of caregivers and qualifying patients authorized to engage in the medical use of cannabis, (b) distribute educational materials about the health risks associated with the abuse of cannabis and prescription medications, (c) adopt rules to administer the patient and caregiver registration program, and (d) adopt rules establishing food handling requirements for cannabis-infused products that are prepared for human consumption. It is the responsibility of the IL DA to enforce the provisions of the IL Act relating to the registration and oversight of cultivation centers. The IL DFPR enforces the provisions of the IL Act relating to the registration and oversight of dispensing organizations. The IL DPH, IL DA and IL DFPR may enter into intergovernmental agreements, as necessary, to carry out the provisions of the IL Act.

Illinois has issued a limited amount of dispensary, producer/grower, and processing licenses. There are currently 55 licensed dispensaries and 22 licensed cultivators. NCC was awarded one dispensary license.

The table below lists the license issued to NCC:

Subsidiary	License number	City	Expiration	Description
NCC	280-000024-DISP	Rolling Meadows	1/22/2019	Dispensary Facility

The IL Act requires prospective cannabis business license holders to adhere to a thorough application process. Applicants for cannabis business licenses must meet, among others, the following requirements: (a) the proposed location for a dispensary must be suitable for public access, (b) the proposed location must not pose a detrimental impact to the surrounding community, (c) demonstrate compliance with safety procedures for dispensary employees, patients, and caregivers, and safe delivery and storage of cannabis and currency, (d) provide an adequate plan for recordkeeping, tracking and monitoring inventory, quality control, destruction and disposal of cannabis, and procedures to discourage unlawful activity, (e) develop a business plan specifying products to be sold and, (f) demonstrate knowledge of, experience, and proven record of ensuring optimal safety and accuracy in the dispensing and sale of cannabis. Once a license is granted, licensees have a continuing obligation to ensure no cannabis is sold, delivered, transported, or distributed to a location outside of the state.

Under the IL Act, dispensary, grower, and processing licenses are valid for one year. After the initial term, licensees are required to submit renewal applications. Pursuant to the IL Act, registration renewal applications must be received 45 days prior to expiration and may be denied if the licensee has a history of non-compliance and penalties.

Record-keeping/Reporting

Illinois uses the BioTrack THC T&T system to manage the flow of reported data between each licensee and the state. NCC also uses the T&T system to ensure all reporting requirements are met. Information processed through the T&T system must be maintained in a secure location at the dispensing organization for five years.

Dispensing licensees are mandated by the IL Act to maintain records electronically and make them available for inspection by the IL DFPR upon request. Records that must be maintained and made available, as described in the IL Act, include: (a) operating procedures, (b) inventory records, policies, and procedures, (c) security records, and (d) staffing plans. All dispensing organization records, including business records such as monetary transactions and bank statements, must be kept for a minimum of three years. Records of destruction and disposal of all cannabis not sold, including notification to the IL DFPR and State Police, shall be retained at the dispensary organization for a period of not less than five years.

Inventory/Storage

A dispensing organization's agent-in-charge has primary oversight of the dispensing organization's medical cannabis inventory control system. Under the IL Act, a dispensary's inventory control system must be real-time, web-based, and accessible by the IL DFPR 24 hours a day, seven days a week. The T&T system used by NCC complies with such requirements.

The inventory control system of a dispensing organization must record all cannabis sales, waste, and acquisitions. Specifically, the inventory system must track and reconcile through the T&T system each day's cannabis beginning inventory, acquisitions, sales, disposal and ending inventory. Tracked information must include (a) product descriptions including the quantity, strain, variety and batch number of each product received, (b) the name and registry identification number of the permitted cultivation center providing the medical cannabis, (c) the name and registry identification number of the permitted cultivation center agent delivering the medical cannabis, (d) the name and registry identification number of the dispensing organization agent receiving the medical cannabis, and (e) the date of acquisition. Dispensary managers are tasked with conducting and documenting monthly audits of the dispensing organization's daily inventory according to generally accepted accounting principles.

Storage of cannabis and cannabis product inventory is also regulated by the IL Act. Inventory must be stored on the dispensary's licensed premises in a restricted access area. Appropriate storage temperatures, containers, and lighting are required to ensure the quality and purity of cannabis inventory is not adversely affected.

Security

Under the IL Act, dispensaries must implement security measures to deter and prevent entry into and theft from restricted access areas containing either cannabis or currency. Mandated security measures include security systems, panic alarms, and locked doors or barriers between the facility's entrance and limited access areas. Admission to the limited access areas must be restricted to only registered qualifying patients, designated caregivers, principal officers, and agents conducting business with the dispensing organization. Visitors and persons conducting business with the dispensing organization in limited access areas must always wear identification badges and be escorted by a dispensary agent authorized to enter the restricted access area. A visitor's log must not only be kept on-site but must also be maintained for five years.

The IL Act states 24-hour video surveillance of both a dispensary's interior and exterior are required to be taken and kept for at least 90 days. Unless prohibited by law, video of all interior dispensary areas, including all points of entry and exit, safes, sales areas, and storage areas must be kept. Unobstructed video of the dispensary's exterior perimeter, including the storefront and the parking lot, must also be kept. Video surveillance cameras are required to be angled to allow for facial recognition and the capture of clear and certain identification of any person entering or exiting the dispensary area. Additionally, all video must be taken in lighting sufficient for clear viewing during all times of night or day. The IL Act also requires all security equipment to be inspected and tested within regular 30-day intervals.

Iowa

Legislative History

In May 2014, Governor Terry Branstad signed into law the Medical Cannabidiol Act, allowing possession of CBD with less than 3% THC with a neurologist's recommendation for the treatment of intractable epilepsy in children. In May 2017, House File 524 was signed into law, expanding the number of health conditions eligible including cancer, chronic pain, HIV/AIDs, Crohn's and Parkinson's disease. Despite the expansion in eligible usage, patients will not have access to a dispensary until December 2018.

The Medical Cannabidiol Act authorizes the Iowa Department of Public Health ("**IDPH**") to govern the selection of up to two growers/manufacturers and five dispensaries, oversee the cultivating and dispensary control processes, modify qualifying health conditions, and recommend changes in THC levels. The IDPH is responsible for developing and updating administrative rules and oversees the implementation of the Medical Cannabidiol Program. The 2017 Medical Cannabidiol Act directs the IDPH, in collaboration with the Iowa Department of Transportation, to administer a process to approve and generate Medical Cannabidiol Registration Cards ("**CBD Cards**") for patients and their primary caregivers. Licensed medical CBD manufacturers must agree to begin supplying medical CBD to licensed dispensaries in Iowa no later than December 1, 2018. As of March 2018, fewer than 400 of Iowa's 3 million residents have a CBD Card.

Licensing

The IDPH is responsible for selecting and issuing medicinal cannabis manufacturer licenses. The applicant owner is subject to various public safety reviews including criminal background checks, records against other licensed activity, and timeliness of his/her federal/local income tax filings. As part of the selection process, the IDPH considers the applicant's technical expertise regarding medical CBD, qualifications of the manufacturer's employees, the long-term financial stability, security measures on the premises, and the applicant's ability to meet certain medical CBD needs such as range of recommended dosages, chemical compositions of a plant and the applicant's projected assessment of wholesale product costs. The licenses are renewed on an annual basis.

The table below lists the license issued to Acreage Holdings' Subsidiary, Iowa Relief, LLC:

Subsidiary	License Number	City	Expiration Date	Description
Iowa Relief, LLC	2018-M02	Cedar Rapids	11/30/2018	Manufacturing

Record-keeping/Reporting

Iowa uses BioMauris, LLC to manage their T&T system for medical cannabis. The state requires complete and accurate electronic sales transaction records in a secure sales and inventory tracking system that includes details such as: (a) the date of each sale or distribution, (b) inventory of plant material, medical CBD, and waste material, (c) transport of plant material, waste material, and laboratory samples, (c) sales of medical CBD from dispensaries to patients and primary caregivers and, (d) the sales price. Financial transaction records reflecting the financial condition of the business are also required and should be maintained at least five years and be readily available upon request by the state. Financial records include but are not limited to: (a) purchase invoices, (b) bank statements and canceled checks for all business accounts, and (c) records of all financial transactions, contracts and agreements for services performed or services received. The records must be maintained at least five years and readily available upon request by the state. Finally, a manufacturer shall use the state's secure sales and inventory tracking system to maintain crop input records, production records, transportation records, and inventory records, including disposal of waste.

Inventory/Storage

A manufacturer is required to store plant material and medical CBD during production, transport, and testing to prevent diversion, theft or loss. The manufacturer should ensure: (a) plant material and medical CBD are returned to a secure location immediately after completion of the process or at the end of the scheduled business day, and (b) tanks, vessels, bins, or bulk containers containing plant material or medical CBD are locked inside a secure area if a process is not completed at the end of a business day. Moreover, to prevent degradation, storage containers must protect the cannabis against physical, chemical and microbial contamination and deterioration. A separate secure storage area must be established to house material returned from a dispensary, including medical CBD that is outdated, damaged, deteriorated, mislabeled, or contaminated, or whose containers or packaging have been opened or breached, until the returned medical CBD is destroyed.

Security

A cannabis manufacturer is required to install and maintain a professionally monitored alarm system that provides intrusion and fire detection for all facility entrances and exits, rooms with exterior windows, rooms with exterior walls, roof hatches, skylights and storage rooms. The system must be able to summon law enforcement in an alarm situation and be hardwired with radio frequency methods such as cellular/private radio signals that transmit a remote or local audio, visual, or electronic signals, has motion detectors, pressure switches, duress, panic, and holdup alarms, an automatic voice dialer, and a failure notification system. The manufacturer must be able to provide documentation of the annual inspection and device testing to the state upon request.

A manufacturer must operate and maintain in good working order a video surveillance system on its premises that operates 24 hours per day, seven days a week. The surveillance system must be able to record all phases of medical CBD production, all areas that might contain plant material and medical CBD, including all safes and vaults, all points of entry and exit and parking areas. The videos must be maintained for one year.

Transportation

A manufacturer is authorized to transport medical CBD to and from a dispensary, a laboratory for testing and a waste facility for disposal.

Maine

Legislative history

Maine has allowed qualified patients with specific conditions to grow for their own usage and possess limited amount of medical cannabis since November 1999, but the law lacked any distribution mechanism. On November 3, 2009, Maine voters approved Question 5, which established dispensaries and caregivers are able to grow and dispense medical grade cannabis up to 2.5 oz. every two weeks to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and post-traumatic stress disorder. The registered dispensaries and caregivers were regulated by the Maine Department of Health and Human Services ("**MDHHS**"), but oversight was recently shifted to the Maine Department of Administrative and Financial Services ("**MDAFS**").

In November 2016, Maine approved cannabis legalization at the ballot. On January 27, 2017, the legislature approved a moratorium on implementing parts of the law regarding retail sales and taxation until at least February 2018, giving time to resolve issues and promulgate rules. The portion of the law that allows persons over 21 years to grow six mature plants and possess, transport and gift up to 2.5 ounces became effective on January 30, 2017 (although this was limited to three mature plants in the 2018 legislation). A 17-member special legislative committee was formed to address the complex issues surrounding full implementation of the law. In April 2018, the Governor of Maine vetoed the bill to legalize cannabis for adult use. However, in May 2018 Maine lawmakers overrode the Governor's veto clearing the way for adult use. As of August 2018, Maine is developing rules for adult use cannabis and have not yet allowed the commercial sale of adult use cannabis through retail outlets or delivery. Furthermore, a mandatory "opt-in" mechanism allows municipalities to control whether they want retail cannabis establishments in their communities. Social clubs are not allowed.

Registration Certificates

The Maine Medical Use of Marijuana Program Rules and the enabling statute, Maine Medical Use of Marijuana Act, govern the Maine Medical Use of Marijuana Program ("**MMUMP**"). The MDHHS was originally responsible for administering the MMUMP to ensure qualifying patients' access to safe cannabis for medical use and was responsible for issuing dispensary registration certificates as well as caregivers certificates. The MMUMP through the MDHHS issued eight dispensary registration certificates. However, the MMUMP was transferred to the MDAFS in May 2018, as part of LD 1719, which implemented the adult use program.

WCM holds four of the eight vertically integrated dispensary certificates of registration. As of December 31, 2017, approximately 41,858 patients were registered and have medical certifications allowing them to purchase cannabis products from a registered dispensary or caregiver.

The table below lists the certificates issued to WCM:

Subsidiary	Certificate of Registration	City	Expiration Date	Description
WCM	Yes	Portland	4/11/2019	Dispensary
WCM	Yes	Gardiner	12/28/2018	Dispensary
WCM	Yes	Brewer	6/15/2019	Dispensary
WCM	Yes	Bath	9/16/2019	Dispensary
WCM	Yes	Auburn	6/15/2019	Grow/Process

The Maine vertically integrated dispensary certificate of registration is valid for one year from the date of issuance. Each certificate of registration for dispensaries allows cultivation, processing and dispensing. WCM cultivates and processes at one centralized location for its four dispensaries. The cultivation facility and retail site of a dispensary must comply with all requirements and prohibitions of the Maine statutes and regulations. Failure to comply may result in enforcement action including, but not limited to, termination of the registration certificate. The dispensary must receive both state licensing and municipal approval.

The dispensary must submit an application for the renewal of a current registration certificate with all required documentation and the required fees 60 days prior to the expiration date. Failure to submit a timely, complete renewal packet may be grounds for denial of the renewal and may result in expiration of the registration certificate to operate the dispensary. Once the application is received and validated, an inspection is scheduled which is conditional for the renewal. The certificate of registration holders must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of this state. In fact, until LD 1539, An Act to Amend Maine's Medical Marijuana Law, becomes effective later this year or early next year, registered dispensaries and caregivers cannot contract for the sale, delivery, transportation, or distribution of any cannabis or cannabis products between caregivers and dispensaries, except under very limited circumstances.

Record-keeping/Reporting

Maine does not yet have a unified, mandatory T&T solution, although one will be implemented through the development of the adult use program. However, WCM tracks seed-to-sale via an integrated platform. Required information is forwarded to the MMUMP through email. The operating documents of a registered dispensary must include procedures to ensure accurate record keeping. Registered dispensaries must maintain at least the following: business records, including records of assets and liabilities, tax returns, contracts, monetary transactions, checks, invoices and vouchers which the dispensary keeps as its books of accounts. Business records also include the sales record that indicates the name of the qualifying patient or primary caregiver to whom cannabis has been distributed, sold or donated, including the quantity and form. The registered dispensary must also keep on file and available for MDHHS (now MDAFS) inspection upon request, a copy of each current patient's registry identification, a copy of the medical provider written certification and the MMUMP approved dispensary designation form. All business records must be available upon request by the MDHHS (now MDAFS) and maintained and retained for six years.

Cultivator Inventory/Storage

All cultivation facilities for medical use are restricted to cultivating in an enclosed, locked facility or area on property. Cannabis at a registered dispensary must be kept under double lock and inventoried daily by two cardholders. Each patient's transactions are recorded and controlled in the POS system to prevent any patient to access more than the allowed limit. WCM monitors inventory daily and reports inventory supply monthly.

Security

Cultivation of cannabis for medical use requires implementation of appropriate security measures to discourage theft of cannabis, ensure safety and prevent unauthorized entrance to a cultivation site in accordance with the MMUMP statute and rules. Requirements include but are not limited to an enclosed, locked facilities and enclosed outdoor areas must have durable locks to discourage theft and unauthorized entrance.

Registered dispensaries must implement appropriate security measures to deter and prevent unauthorized entrance into areas containing cannabis and the theft of cannabis at the registered dispensary and the grow location for the cultivation of cannabis. Security measures to protect the premises, the public, qualifying patients, primary caregivers and principal officers, board members and employees of the registered dispensary must include, but are not limited to (a) on-site parking, (b) exterior lighting sufficient to deter nuisance activity and facilitate surveillance, (c) devices or a series of devices, including, but not limited to, a signal system interconnected with a radio frequency method such as cellular, private radio signals, or other mechanical or electronic device to detect an unauthorized intrusion, and (d) interior electronic monitoring, video cameras, and panic buttons. Electronic monitoring and video camera recordings must be maintained by the dispensary and cultivation facility a minimum of 14 days.

Maryland

Legislative history

In May 2013, the then Governor of Maryland signed House Bill 1101, Chapter 403 which established the Natalie M. LaPrade Maryland Medical Cannabis Commission ("**MMCC**"). The MMCC is an independent commission that functions within the Department of Health and Mental Hygiene. The MMCC was created for investigational use of medical cannabis. MMCC develops policies, procedures, and regulations to implement programs that ensure medical cannabis is available to qualifying patients in a safe and effective manner.

On December 1, 2017, after close to a five-year delay, the Maryland Medical Marijuana program ("**MMMP**") became operational and sales commenced. The program was written to allow access to medical cannabis for patients with conditions that are considered severe and for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and post-traumatic stress disorder. As of June 28, 2018, approximately 32,000 certified patients are registered and hold medical licenses allowing them to purchase cannabis and cannabis products from a dispensary. There are also approximately 13,000 patients awaiting medical licenses to be processed.

Licenses

The MMCC oversees all licensing, registration, inspection, and testing measures pertaining to the MMMP and provides relevant program information to patients, providers, caregivers, growers, processors, dispensaries and testing laboratories. A dispensary is licensed under Subtitle 33 Section § 13-3307 and a dispensary agent registered under § 13-3308.

The MMCC have issued a limited number of dispensary, producer/growers and processing licenses. There are currently 65 state licensed dispensaries, 14 growers and 14 processors throughout Maryland.

The table below lists the license issued to Acreage Holdings' Subsidiary, Maryland Medical Research & Caring, LLC:

Holding Entity	License Number	City	Expiration Date	Description
Maryland Medical Research & Caring, LLC	D-18-00043	Windsor	7/26/2024	Dispensary

After the first expiration of the approved license, the dispensary, grower and processing licensee is required to renew every two years. Licensees are required to submit a renewal application per the guidelines published by the MMCC. 90 days prior to the expiration of a license, the MMCC notifies the licensee of the date on which the license expires, provides the instructions and fee required to renew the license and the consequences of failure to renew. At least 30 business days before a license expires, the licensee must submit the renewal application as provided by the MMCC. The license holders must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of this state.

Record-keeping/Reporting

Maryland uses METRC as the T&T system to track commercial cannabis activity. The Maryland Medical Research & Caring, LLC also uses METRC to push the data to the State to meet all reporting requirements. All cannabis products dispensed are documented at point of sale via the T&T system. Each dispensary must submit to the MMCC a quarterly report which includes (a) number of patients served, (b) county of residence of each patient served, (c) medical condition for which medical cannabis was recommended, (d) type and amount of medical cannabis dispensed, and (e) if available, a summary of clinical outcomes, including adverse events and any cases of suspected diversion.

A dispensary licensee shall maintain a secure, tamper-evident record of each purchase by a patient that contains the name and address of the patient, the quantity and name of the product purchased by the patient and specific identification number of the product. A dispensary licensee shall maintain a duplicate set of all records at a secure, off-site location. Unless otherwise specified, a licensee shall retain a record for a period of five years.

Inventory/Storage

The licensee must establish standard operating procedures for all aspects of the receipt, storage, packaging, labeling, handling, tracking and dispensing of products containing medical cannabis and waste. Upon receipt of a cannabis product, each product must be promptly cataloged into the T&T system. The licensee trains each registered dispensary agent on the standard operating procedure.

All medical cannabis inventory must be stored in a secure room which, among other requirements, is constructed of concrete or similar building material resilient enough to prevent and deter unauthorized entry.

Security

The licensee shall maintain a security alarm system that covers all perimeter entry points, windows and portals at the premises. Facilities must maintain a motion-activated video surveillance recording system at the premises that records all activity in images of high quality and high resolution and clearly reveals facial detail. The system must be able to operate 24 hours a day, seven days a week without interruption. Recordings are kept in a secure area with minimal access in an off-site location. The surveillance videos will be retained for a minimum of 30 calendar days.

Massachusetts

Legislative history

The Massachusetts Medical Use of Marijuana Program (the "**MA Program**") was pursuant to the Act for the Humanitarian Medical Use of Marijuana (the "**MA ACT**"). The MA Program allows registered persons to purchase medical cannabis and applies to any patient, personal caregiver, Registered Marijuana Dispensary (each, a "**RMD**"), and RMD agent that qualifies and registers under the MA Program. To qualify, patients must suffer from a debilitating condition as defined by the MA Program. Currently there are eight conditions that allow a patient to acquire cannabis in Massachusetts, including AIDS/HIV, ALS, cancer and Crohn's disease. As of August 31, 2018, approximately 54,100 patients have been registered to purchase medical cannabis products in Massachusetts. The MA Program is administrated by the Department of Public Health, Bureau of Health Care Safety and Quality.

In November 2016, Massachusetts voted affirmatively on a ballot petition to legalize and regulate cannabis for adult recreational use. The Massachusetts legislature amended the law on December 28, 2016, delaying the date recreational cannabis sales would begin by six months. The delay allowed the legislature to clarify how municipal land-use regulations would treat the cultivation of cannabis and authorized a study of related issues. After further debate, the state House of Representatives and state Senate approved H.3818 which became Chapter 55 of the Acts of 2017, An Act to Ensure Safe Access to Marijuana, and established the Cannabis Control Commission (the "**MA CCC**"). The MA CCC consists of five commissioners and regulates the Massachusetts Recreational Marijuana Program. Adult use of cannabis in Massachusetts started in July 2018.

Licenses

Under the MA Program, RMD's are heavily regulated. Vertically integrated RMDs grow, process, and dispense their own cannabis. As such, each RMD is required to have a retail facility as well as cultivation and processing operations, although retail operations may be separate from grow and cultivation operations. A RMD's cultivation location may be in a different municipality or county than its retail facility. RMD's are required to be Massachusetts non-profit corporations.

The MA Program mandates a comprehensive application process for RMDs. Each RMD applicant must submit a Certificate of Good Standing, comprehensive financial statements, a character competency assessment, and employment and education histories of the senior partners and individuals responsible for the day-to-day security and operation of the RMD. Municipalities may individually determine what local permits or licenses are required if an RMD wishes to establish an operation within its boundaries.

The table below lists the licenses issued to the Subsidiaries:

Subsidiary	License Number	City	Expiration Date	Description
Health Circle	Preliminary	Rockland	Not applicable	Cultivation/Processing/Dispensary
MMSP	Preliminary	Nantucket	Not applicable	Cultivation/Processing/Dispensary
PWC	No. 043	Sterling	8/9/2019	Cultivation/Processing
PWC	No. 043	Worcester	8/9/2019	Dispensary
PWC	Preliminary	Leominster	Not applicable	Dispensary
PWC	Preliminary	Shrewsbury	Not applicable	Dispensary

Each Massachusetts dispensary, grower and processor license is valid for one year and must be renewed no later than 60 calendar days prior to expiration . As in other states where cannabis is legal, the MA CCC can deny or revoke licenses and renewals for multiple reasons, including (a) submission of materially inaccurate, incomplete, or fraudulent information, (b) failure to comply with any applicable law or regulation, including laws relating to taxes, child support, workers compensation and insurance coverage, (c) failure to submit or implement a plan of correction (d) attempting to assign registration to another entity, (e) insufficient financial resources , (f) committing, permitting, aiding, or abetting of any illegal practices in the operation of the RMD, (g) failure to cooperate or give information to relevant law enforcement related to any matter arising out of conduct at an RMD, and (h) lack of responsible RMD operations, as evidenced by negligence, disorderly or unsanitary facilities or permitting a person to use a registration card belonging to another person. Additionally, license holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of this state.

Record-keeping/Reporting

Massachusetts uses METRC as the T&T system. Individual licensees, whether directly or through a third-party application programming interface (an "**API**"), are required to push data to the state to meet all reporting requirements. Each of Health Circle, MMSP and PWC use METRC to capture and send all required data points for cultivation, manufacturing, and retail as required by applicable law.

The MA Program requires that RMD records be readily available for inspection by the Department of Health upon request. Among the records that are required to be maintained and made available are: (a) operating procedures, (b) inventory records , and (c) seed-to-sale tracking records for all cannabis and cannabis infused products.

Inventory/Storage

Through the T&T system, RMDs are required to record all actions related to each individual cannabis plant. This robust inventorying requirement includes tracking how each plant is handled and processed from seed and cultivation, through growth, harvest and preparation of cannabis infused products, if any, to final sale of finished products. This system must chronicle every step, ingredient, activity, transaction, and dispensary agent, registered qualifying patient, or personal caregiver who handles, obtains, or possesses the product. To meet this tracking requirement, the inventory tracking process is mandated to utilize unique plant and batch identification numbers. Besides capturing all processes associated with each cannabis plant, RMDs must also establish and abide by inventory controls and procedures for conducting inventory reviews and comprehensive inventories of cultivating, finished, and stored cannabis products. To ensure inventories are accurate, RMDs are not only required to conduct monthly inventories but also to compare monthly inventories to the T&T system records.

The MA Program requires all cannabis and cannabis infused products be securely stored. RMDs must ensure that all safes, vaults, and other equipment or areas used for the production, cultivation, harvesting, processing, or storage of cannabis and cannabis infused products are securely locked and protected against unauthorized entry. The MA Program also specifies that limited access areas, accessible only to authorized personnel, must be established in each dispensary. Furthermore, only the minimum number of employees essential to business operations may be given access to the limited access areas.

Security

Adequate security systems that prevent and detect diversion, theft, or loss of cannabis are required of each RMD under the MA Program. Such security systems must utilize commercial grade equipment and are required to include (a) a perimeter alarm on all entry and exit points and perimeter windows, (b) a failure notification system that provides an audible, text, or visual notification of any failure in the surveillance system, and (c) a duress alarm, panic alarm, or holdup alarm connected to local public safety or law enforcement authorities.

To ensure RMDs meet the rigorous security standards laid out by the MA Program, use of surveillance cameras is mandated. RMDs must install video cameras in the following areas: (a) all areas that may contain cannabis, (b) all points of entry and exit, and (c) in any parking lot. Video cameras must be appropriate for the lighting conditions of the area under surveillance. Interior video cameras must be directed at all safes, vaults, sales areas, and areas where cannabis is cultivated, harvested, processed, prepared, stored, handled, or dispensed. Video surveillance is required to be operational 24 hours a day, seven days a week and all recordings must be retained for at least 90 calendar days.

Transportation

The MA Program regulates the means and methods by which cannabis is transported. A RMD transporting cannabis must ensure the product is in a secure, locked storage compartment. If a cannabis establishment, pursuant to a cannabis transporter license is transporting cannabis products for more than one cannabis establishment at a time, the cannabis products for each cannabis establishment must be kept in separate locked storage compartments during transportation and separate manifests are required for each cannabis establishment. Vehicles transporting cannabis must be equipped with an approved alarm system and functioning heating and air conditioning systems appropriate for maintaining correct temperatures for storage of cannabis products. Additionally, cannabis products may not be visible from outside the vehicle and RMDs must ensure that all transportation times and routes are randomized. Cannabis and cannabis infused products may not be transported outside Massachusetts.

Michigan

In 2008, the Michigan Compassionate Care Initiative established a medical cannabis program for serious and terminally ill patients, was approved by the House but not acted upon, and defaulted to a public initiative on the November ballot. Proposal 1 was approved by 63% of voters on November 8, 2008. Proposal 1 was then written into law and approved by Michigan's lawmakers in December 2008. The resulting Act, became the Michigan Medical Marihuana Act ("**MMMA**").

In 2016, the Michigan legislature passed two new acts and also amended the original MMMA. The first act establishes a licensing and regulation framework for medical marihuana growers, processors, secure transporters, provisioning centers, and safety compliance facilities. The second act establishes a "seed-to-sale" system to track marihuana that is grown, processed, transferred, stored, or disposed of under the Medical Marihuana Facilities Licensing Act.

The Bureau of Medical Marihuana Regulation is responsible for the oversight of medical cannabis in Michigan and consists of the Medical Marihuana Facility Licensing Division and the Michigan Medical Marihuana Program Division. The MMMA provides access to state residents to cannabis and cannabis related products under one of 11 debilitating conditions, including epilepsy, cancer, HIV/AIDS, cancer and PTSD. In July 2018 the Medical Marihuana Facility Licensing Division approved 11 additional conditions to the list of aliments to qualify for medical cannabis. The additional 11 include Chronic pain, colitis and spinal cord injury.

Please see Section 3.1 of this Listing Statement for a summary of Acreage Holdings' current operations in Michigan.

New Hampshire

Legislative history

New Hampshire's Therapeutic Cannabis Program (the "**NH Program**") was enacted on July 23, 2013, when the New Hampshire governor signed bill House Bill 573 into law allowing New Hampshire residents with qualifying medical conditions to use cannabis for medical purposes. Among the 18 qualifying medical conditions included in HB 573 are cancer, HIV/AIDS, ALS and Crohn's disease. The New Hampshire legislature placed the responsibility for administering the NH Program within the New Hampshire Department of Health and Human Services (the "**NHDH**"). The first New Hampshire dispensary began serving patients on April 30, 2016. On June 28, 2017, the New Hampshire governor signed HB 160 which added post-traumatic stress disorder and other medical conditions to the law. On July 18, 2017, the governor of New Hampshire signed into law HB 640, a cannabis decriminalization bill. Under HB 640, effective September 16, 2017, penalties for non-registered and non-medicinal possession of three-quarters of an ounce or less of cannabis were reduced from a criminal misdemeanor to a civil violation punishable only by a fine.

Licenses

The NHDH oversees the issuance of licenses and the rules and regulations for cannabis businesses, known as Alternative Treatment Centers (each, an "**ATC**"). ATCs are not-for-profit entities registered under the New Hampshire Revised Statutes Annotated Section 126-X:7. ATCs are business entities that acquire, possess, cultivate, manufacture, deliver, transfer, transport, sell, supply, and dispense cannabis and related materials to qualified patients and other ATCs. ATCs are issued a notice of registration approval only after the NHDH has inspected and determined that the ATC is in full compliance with all regulatory and statute requirements. NHDH has issued licenses to four qualifying ATCs and in March 2018 lawmakers passed legislation calling for two additional dispensaries.

As of December 31, 2017, approximately 3,500 patients were registered and licensed under the NH Program.

The table below lists the license issued to PATC:

Subsidiary	License Number	City	Expiration Date	Description
PATC	ATC-001	Merrimack	See Note Below	Grow/ Manufacturing and Dispensary

On August 9, 2016, the New Hampshire Department of Health and Human Services issued a license in the form of a Registration Certificate, permitting PATC to operate. In the second quarter of 2018, PATC received a notice from the State of New Hampshire indicating that it needed to implement certain remedial measures before the state agreed to renew its license. PATC has submitted a remediation plan to the New Hampshire Office of Legal and Regulatory Services. PATC is currently implementing those matters and expects to resolve them promptly. Under New Hampshire law, a license does not expire if the licensee submits a timely and sufficient renewal application and the agency has yet to take final action on that renewal application. PATC submitted a timely and complete renewal application, and so its registration certificate is active, current and in good standing pending the resolution of the remediation plan, and has received correspondence from the state affirming this status.

ATC grower, processing, and dispensary licenses are valid for one year and expire on June 30th of the following year. License holders are required to submit a renewal application at least 120 days prior to the expiration of the current registration and include updates to the ATC's original application as appropriate. Additionally, ATCs must ensure that no cannabis is transported outside of the state.

Record-keeping/Reporting

New Hampshire selected BioTrack THC as the T&T system for commercial cannabis activity. PATC currently uses a third-party platform that pushes the data to New Hampshire's T&T solution to meet all reporting requirements.

Each ATC is required to maintain records in accordance with the records retention schedule established by the NHDH. As part of the records retention schedule, ATCs must keep a record of each transaction including the amount of cannabis dispensed, the amount paid, and the registry identification number of the qualifying patient, designated caregiver, or ATC and the qualifying patient's provider. ATC's are required to submit annual reports to the state that include (a) a description of efforts to educate qualifying patients and designated caregivers, (b) the annual financial report of the ATC including expenditures, liabilities, monetary reserves, and revenues received for sales of cannabis by strain and by type, (c) the total number of qualifying patients and designated caregivers served, and (d) reports on security issues including an aggregate account of all reportable incidents. Additionally, ATCs must maintain current and accurate records for each qualifying patient and designated caregiver registered with the ATC. The NH Program mandates all records be kept for a minimum of four years.

Inventory/Storage

Comprehensive inventory procedures and controls are required to be established and followed under the NH Program. Regular inventory counts and reviews designed to enable timely detection of any diversion, theft, or loss are specifically required by the NH Program. As part of the comprehensive inventory plan, ATCs must reconcile daily all on-premises and in-transit cannabis and be able to present such inventory records for review upon request of the state. In addition to daily inventories, monthly inventories are also mandated and must record all cannabis available for dispensing, mature cannabis plants, and seedlings at each authorized location.

Comprehensive storage guidelines are detailed under the NH Program. All cannabis and cannabis infused products, whether in the process of cultivation, processing, transport, testing, or available for sale, must be securely stored to prevent diversion, theft or loss. Additionally, cannabis must only be accessible by ATC agents who are specifically authorized to handle cannabis and to whom access is essential for efficient ATC operation. At the end of each business day, any cannabis or cannabis infused products must be returned to a secure storage location. Similarly, after cultivation and/or processing, all cannabis must be securely stored.

Security

Protecting dispensary facility patients, employees, and safeguarding cannabis against theft are all goals of the NH Program. ATCs are required to have security systems designed to prevent and detect diversion, theft, or loss of cannabis as well as unauthorized intrusion. Such security systems must include: (a) a perimeter alarm at all entry points and perimeter windows, and (b) a duress, panic, and holdup alarm connected to local public safety or law enforcement authorities or to an alarm monitoring company. Additionally, two agents must be present at the premises during all hours of operations.

Like dispensary facilities, security of cultivation facilities is also highly regulated under the NH Program. All phases of cannabis cultivation are required to take place in specially designated, secure, limited access areas that are monitored by surveillance camera systems. Surveillance cameras must cover all points of facility entry and exit, the parking lot, the entrance to the video surveillance room, and any areas that may contain cannabis. Surveillance video must be active 24 hours a day, seven days a week. The NH Program mandates that all security equipment be maintained in good working order and shall be inspected and tested at regular intervals of at no more than 30 calendar days.

New Jersey

Legislative history

On January 18, 2010, the governor of New Jersey signed into law S.119, the Compassionate Use Medical Marijuana Act (the "**NJ Act**"), permitting the use of medical cannabis for persons with debilitating conditions including cancer, HIV/AIDS, ALS, Crohn's disease and any terminal illness. The law permits the New Jersey Department of Health ("**NJDH**") to create rules to add other illnesses to the permitted conditions. The NJ Law does not permit patients to grow their own cannabis but rather mandates that cannabis must be acquired through ATCs licensed by the State.

Caregivers for patients are permitted to collect cannabis on behalf of the patient. Under the NJ Act, six ATCs received licenses from the State. The ATCs are nonprofit entities and have the exclusive right to produce and sell medical cannabis in New Jersey.

On March 27, 2018 through executive order No. 6 (2018), Governor Phil Murphy expanded the medical cannabis program, announcing the 20-plus recommendations presented by the NJDH on March 23, 2018. The NJDH's recommendations and next steps included certain measures that took effect immediately (e.g. the addition of debilitating conditions and the reduction of registration fees) and other recommendations (e.g. the home delivery model) that require further regulatory or statutory enactment.

Licenses

The NJDH is responsible for administering the NJ Act to ensure qualifying patients' access to safe cannabis for medical use in New Jersey. The NJDH is responsible for issuing permits to entities who will operate an ATC. New Jersey is a vertical state where the dispensary needs to be in the same location as the growing and processing facilities. One of the recommendations in executive order No. 6 is to allow existing license holders to have up to two additional dispensaries not attached to the growing facility. The NJDH has issued six licenses and are now accepting applications for up to six additional permits.

ATC permits expire annually on December 31. A permit renewal application must be submitted at least 60 days prior to the expiration date. An ATC that seeks to renew its permit shall submit to the permitting authority an application for renewal with all required documentation and the required fees. An ATC shall update and ensure the correctness of all information submitted in previous applications for a permit or otherwise on file with the NJDH. Prior to the issuance of any permit , every principal officer, owner, director and board member of an ATC must certify stating that he or she submits to the jurisdiction of the courts of the State of New Jersey and agrees to comply with all the requirements of the laws of New Jersey pertaining to New Jersey's Medicinal Marijuana Program. Failure to provide correct and current up-to-date information is grounds for denial of the application for renewal of the permit.

As of December 31, 2017, approximately 26,806 patients were registered and have medical licenses allowing them to purchase cannabis products from an ATC.

On May 9, 2018, Acreage Holdings entered in the CCF Revolving Note with CCF which shall automatically convert into an equity stake in a newly-formed entity of Acreage Holdings upon enactment of legislative reform to permit the cultivation and sale of cannabis for recreational purposes or to allow a for-profit entity to dispense medical cannabis.

The table below lists the permit issued to CCF:

Subsidiary	Permit Number	City	Expiration Date	Description
CCF	10042013	Egg Harbor in Atlantic county	12/31/2018	Cultivate and Dispense

Record-keeping/Reporting

New Jersey does not have a unified T&T solution. All information is forwarded to the MMMP through email. The ATC collects and submits to the NJDH for each calendar year statistical data on (a) the number of registered qualified patients and registered primary caregivers, (b) the debilitating medical conditions of the qualified patients, (c) patient demographic data, (d) summary of the patient surveys and evaluation of services and (e) other information as the NJDH may require. The ATC must retain records for at least two years.

Inventory/Storage

The ATC will establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis. The ATC will conduct a monthly inventory of cultivating, stored, usable and unusable cannabis. Though a unified T&T system is not currently in place, an ATC is required to have a T&T for tracking inventory and dispensing cannabis products to patients. CCF uses MJ Freeway as its T&T system. An ATC is authorized to possess two ounces of usable cannabis per registered qualifying patient plus an additional supply, not to exceed the amount needed to enable the alternative treatment center to meet the demand of newly registered qualifying patients.

Per regulatory requirements an ATC, at a minimum, must (a) establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis, (b) conduct a monthly inventory of cultivating, stored, usable and unusable cannabis, (c) perform a comprehensive inventory inspection at least once every year from the date of the previous comprehensive inventory, and (d) promptly transcribe inventories taken by use of an oral recording device. If cannabis is disposed of, the ATC must maintain a written record of the date, the quantity disposed of, the manner of disposal and the persons present during the disposal, with their signatures. ATCs must keep disposal records for at least two years. Results of the inventory inspection should document the date of the inventory review, a summary of the inventory findings and the name, signature and title of the individuals who conducted the inventory inspection.

An ATC shall limit access to medicinal cannabis storage areas to the absolute minimum number of specifically authorized employees. In the event non-employee maintenance personnel, business guests or visitors to be present in or pass through medicinal cannabis storage areas, the ATC must have a dedicated person who is specifically authorized by policy or job description to supervise the activity. The ATC must ensure that the storage of usable cannabis prepared for dispensing to patients is in a locked area with adequate security.

Security

An ATC is required to implement effective controls and procedures to guard against theft and diversion of cannabis including systems to protect against electronic records tampering. At a minimum, every ATC must (a) install, maintain in good working order and operate a safety and security alarm system that provides suitable protection 24 hours a day, seven days a week against theft and diversion, (b) immediately notifies the state or local police agencies of an unauthorized breach of security. An ATC must conduct maintenance inspections and tests of the security alarm system at intervals not to exceed 30 days from the previous inspection.

A video surveillance system must be installed and operated to clearly monitor all critical control activities of the ATC and must operate in good working order at all times. The ATC must provide two monitors for remote viewing via telephone lines to the NJDH offices. This security system must be approved by State of New Jersey's Medicinal Marijuana Program prior to permit issuance. The original tapes or digital pictures produced by the system must be stored in a safe place for a minimum of 30 days.

New York

Legislative history

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act (the "**CCA**") to provide a comprehensive, safe and effective medical cannabis program. The CCA bill which is part of the Title V-A in Article 33, Title 10, Chapter 13 of the Public Health Law is scheduled to sunset in seven (7) years, in 2021. The CCA provides access to the program to those who suffer from one of 12 qualifying serious conditions including, debilitating or life-threatening conditions including cancer, HIV/AIDS, ALS and chronic pain. Patients must also have one of the following associated or complicating conditions: cachexia or wasting syndrome, severe or chronic pain, severe nausea, seizures, or severe or persistent muscle spasms. In June 2018, the CCA provided medical cannabis access to individuals who have opioid addictions.

Pursuant to the CCA, only a limited number of product offerings are allowed including metered liquid or oil preparations, solid and semi-solid preparations (e.g. capsules, chewable and effervescent tablets), metered ground plant preparations, and topical forms and transdermal patches. Medical cannabis may not be incorporated into the food products unless approved by the Commissioner of Health and smoking of cannabis flower is prohibited.

Licenses

The New York Department of Health ("**NYDOH**") has issued licenses to ten registered organizations which hold vertically integrated licenses. Each registered organization has one cultivation/processing license and four dispensary licenses.

As of June 18, 2018, there are 59,327 certified patients allowing them to purchase cannabis products from a dispensary. The table below lists the licenses approved to be issued to NYCANNA, including one growing/manufacturing license and four dispensary licenses. As of July 10, 2018, NYCANNA's four dispensaries were not operational. The NYDOH has issued a formal license to NYCANNA to grow and manufacture, and will issue the four licenses to dispense upon completion of an inspection of the dispensaries, which is expected to occur in 2019.

Subsidiary	License number	City	Expiration Date	Description
NYCANNA	MM0601M	Dewitt	7/31/2019	Growing / Manufacturing
NYCANNA	MM0602D	Jamaica	7/31/2019	Dispensary Facility
NYCANNA	MM0603D	Farmingdale	7/31/2019	Dispensary Facility
NYCANNA	MM0604D	Buffalo	7/31/2019	Dispensary Facility
NYCANNA	MM0605D	Wallkill	7/31/2019	Dispensary Facility

The New York dispensary, growing and processing licenses are valid for two years from the date of issuance and the license holders are required to submit a renewal application not be more than six months nor less than four months prior to expiration. License holders must ensure that no cannabis is sold, delivered, transported or distributed by a producer from or to a location outside of New York.

Record-keeping/Reporting

The NYDOH uses the BioTrack THC T&T system used to track commercial cannabis activity. NYCANNA also uses BioTrack THC to push the data to the NYDOH to meet all reporting requirements. Each month, each registered organization is required to file reports with the NYDOH which provides information showing all products dispensed during the month. All other data shall be pulled from the T&T system. The data must include (a) documentation, including lot numbers where applicable, of all materials used in the manufacturing of the approved medical cannabis product to allow tracking of the materials including but not limited to soil, soil amendment, nutrients, hydroponic materials, fertilizers, growth promoters, pesticides, fungicides, and herbicides, (b) cultivation, manufacturing, packaging and labeling production records, and (c) laboratory testing results. The records are required to be maintained for a period of five years.

Inventory/Storage

A record of all approved medical cannabis products that have been dispensed must be filed with the NYDOH electronically through BioTrack THC no later than 24 hours after the cannabis was dispensed to the certified patient or designated caregiver. The information filed must include (a) a serial number for each approved medical cannabis product dispensed to the certified patient or designated caregiver, (b) an identification number for the registered organization's dispensing facility, (c) the patient's name, date of birth and gender, (d) the patient's address, including street, city, state and zip code, and (e) the patient's registry identification card number.

All cannabis that is not part of a finished product must be stored in a secure area or location within the registered organization accessible only to a minimum number of employees essential for efficient operation and in such a manner as approved by the NYDOH in advance, to prevent diversion, theft or loss and against physical, chemical and microbial contamination and deterioration. Cannabis must be returned to its secure location immediately after completion of manufacture, distribution, transfer or analysis.

Security

All facilities operated by a registered organization, including any manufacturing facility and dispensing facility, must have a security system to prevent and detect diversion, theft or loss of cannabis and/or medical cannabis products, utilizing commercial grade equipment which include (a) a perimeter alarm, (b) a duress alarm, (c) a panic alarm, and (d) a holdup alarm.

The manufacturing and dispensing facilities must direct cameras at all approved safes, approved vaults, dispensing areas, cannabis sales areas and any other area where cannabis is manufactured, stored, handled, dispensed or disposed of. The manufacturing and dispensing facilities must angle the cameras to allow for the capture of clear and certain identification of any person entering or exiting the facilities. The surveillance cameras must record 24 hours, seven days a week. Recordings from all video cameras must be readily available for immediate viewing by a state authorized representative upon request and must be retained for at least 90 days. A registered organization must test the security and surveillance equipment no less than semi-annually at each manufacturing and dispensing facility that is operated under the registered organization's registration. Records of security tests must be maintained for five years.

Transportation

Cannabis products must be transported in a locked storage compartment that is part of the vehicle transporting the cannabis and in a storage compartment that is not visible from outside the vehicle. An employee of a registered organization, when transporting approved medical cannabis products must (a) travel directly to his or her destination(s) and may not make any unnecessary stops in between, (b) ensure that all approved medical cannabis product delivery times are randomized, (c) appoint each vehicle with a minimum of two employees where at least one transport team member remains with the vehicle at all times, (d) possess a copy of the shipping manifest at all times when transporting or delivering approved medical cannabis products, and (e) keep the manifest in a safe compartment for a minimum of five years.

North Dakota

In 2016, North Dakota voters approved Measure 5, otherwise known as the Compassionate Care Act, establishing a medical cannabis program for North Dakota. In 2017, both houses of the state legislature passed changes to Measure 5, including removal of a provision allowing medical users to grow their own cannabis. The changes also required that a medical professional specifically recommend smoking as a method of using cannabis for their patients. Effective April 18, 2017, the North Dakota Department of Health **(**"**NDDH**"**)** established and implemented a medical cannabis program to allow the production, processing, sale, dispensing, and medical use of cannabis by qualifying patients and caregivers. Measure 5 provides access to state residents to the program under one of the 14 debilitating conditions, including epilepsy, chronic pain, HIV/AIDS, cancer and PTSD.

Licenses

North Dakota's Department of Health oversees the North Dakota Medical Marijuana Program and is authorized to issue dispensary and manufacturing licenses. The NDDH has selected two companies to each operate a dispensary and two companies to each operate a manufacturing facility. Acreage ND, one of the two awarded a dispensary license, will operate in Fargo, North Dakota. To receive a final license from the NDDH, Acreage ND must obtain a certificate of occupancy on its dispensary location. Acreage ND is expected to obtain its certificate of occupancy in Q1 2019.

The NDDH accepted dispensary applications for locations in Grand Forks and Williston through October 10, 2018 and is expected to award licenses by the end of November 2018.

Dispensary licenses are renewed every two years after issuance pursuant to Sec. 19-24.1-16 of the North Dakota Medical Marijuana program. Renewal applications must be submitted 60 days prior to license expiration to avoid suspension of the certificate.

Record-keeping/Reporting

North Dakota has selected BioTrack THC for its unified T&T system by which all dispensary license holders must submit their data directly to the state. As outlined in North Dakota Century Code section 19-24.1-30, a dispensary shall keep detailed financial reports of proceeds and expenses. A dispensary shall also maintain all inventory, sales, and financial records in accordance with generally accepted accounting principles. The dispensary shall maintain all reports and records for a period of seven years.

Inventory

A dispensary must conduct an inventory of cannabis once a week for at least six months after beginning business and upon department approval, at least monthly thereafter. The inventory shall be counted by at least two individuals. One of the two individuals may not be involved in dispensing of usable cannabis, or the preparation of the dispensary's financial records. Further, one of the two individuals must be a supervisor or manager. The inventory documentation will include the date of the inventory, detailed inventory results, and the name, signature, and title of the individuals who conducted the inventory.

Storage/Security

All licensees shall have a security system that remains operational at all times and that uses a professionally monitored security alarm system to prevent and detect diversion, theft, or loss of medical cannabis. The alarm system must include (a) facility entrances and exits, (b) rooms with exterior windows, (c) rooms with exterior walls and (c) storage rooms. The alarm system should include motion detectors, duress and panic alarms or a holdup alarm. The alarm system that is place must summon law enforcement. The licensee must test the security alarm system and all devices on a monthly basis and maintain a record of all tests.

To prevent unauthorized access to cannabis and usable cannabis, the dispensary shall have video surveillance equipment to deter the unauthorized entrance into restricted access areas. Video cameras shall be placed at each point of egress, at the point of sale location and in the storage facility. Video surveillance recording shall operate 24 hours a day, seven days a week. Recording from all video cameras during hours of operation shall be made available for immediate viewing and shall be retained for at least ninety days. The licensee shall maintain all security system equipment and recordings in a secure location to prevent theft, loss, destruction, corruption, and alterations.

Ohio

Legislative History

Effective September 8, 2016, House Bill 523 legalized the use of medical cannabis for 26 debilitating conditions as prescribed by a licensed physician. On implementation, the Ohio Medical Marijuana Control Program ("**OMMCP**") will allow people with certain medical conditions including Alzheimer's disease, HIV/AIDS, ALS, cancer, and traumatic brain injury to legally purchase medical cannabis. Though Ohio was required to implement a fully operational OMMCP by September 8, 2018 with a controlled system for cultivation, laboratory-testing, physician/patient registration and dispensing, the timeline was delayed until November 2018. Regulatory oversight is shared between three offices; (a) the Ohio Department of Commerce with respect to overseeing cultivators, processors and testing laboratories; (b) the Ohio Board of Pharmacy with respect to overseeing retail dispensaries and the registration of patients and caregivers, and (c) the State Medical Board of Ohio with respect to certifying physicians to recommend medical cannabis. The OMMCP will permit limited product types including oils, tinctures, plant materials and edibles. Adult-use and the smoking of cannabis flower are prohibited.

Licenses

Prior to September 8, 2018, the Ohio Board of Pharmacy was permitted to issue up to 60 dispensary provisional licenses. After September 8, 2018, additional provisional licenses are permitted to be issued if the population, the number of patients seeking to use medical cannabis products and the availability of all forms of cannabis products support additional licenses. To be considered for approval of a provisional dispensary or a processing license, the applicant must complete all mandated requirements. To obtain a certificate of operation for a medical cannabis dispensary or processing facility, the prospective licensee must be capable of operating in accordance with Chapter 3796 of the Revised Code, the Medical Marijuana Control Program. Certificates of operation carry two year terms.

A certificate of operation will expire on the date identified on the certificate. A licensee will receive written or electronic notice 90 days before the expiration of its certificate of operation. The licensee must submit the renewal information at least 45 days prior to the date the existing certificate expires. The information required for the license renewal includes, but is not limited to, the following: (a) a roster that includes the dispensary's employees' names, (b) the history of compliance with regulations, and (c) the number and severity of any violations. If a licensee's renewal application is not filed prior to the expiration date of the certificate of operation, the certificate of operation will be suspended for a maximum of 30 days. After 30 days, if the dispensary has not successfully renewed the certificate of operation, including the payment of all applicable fees, the certificate of operations will be deemed expired. The original implementation deadline of September 8, 2018 was missed by Ohio, as noted above. Acreage expects patients will begin to be able to purchase medicinal cannabis beginning in November 2018.

GLA has been issued five dispensary licenses and GTL has been issued one provisional processing license. The table below lists the locations of the provisional licenses.

The table below lists the licenses issued to GLA and GTL:

Holding Entity	Application Number	City	Expiration Date	Description
GLA	ID 504	Akron	12/7/2018	Dispensary Facility
GLA	ID 606	Cleveland	12/7/2018	Dispensary Facility
GLA	ID 697	Canton	12/7/2018	Dispensary Facility
GLA	ID 872	Wickliffe	12/7/2018	Dispensary Facility
GLA	ID 808	Columbus	12/7/2018	Dispensary Facility
GTL	ID TBD	Middlefield	2/3/2019	Processing

Record-keeping/Reporting

A holder of a processing license must maintain the following records: (a) samples sent for testing, (b) disposal of products, (c) tracking of inventory, (d) form and types of medical cannabis maintained at the processing facility on a daily basis, (e) production records, including extraction, refining, manufacturing, packaging and labeling, (f) financial records, and (g) purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase.

A holder of a dispensary license must maintain the following records: (a) confidential storage and retrieval of patient information or other medical cannabis records, (b) records of all medical cannabis received, dispensed, sold, destroyed, or used, (c) dispensary operating procedures, (d) a third-party vendor list, (e) monetary transactions, and (f) journals and ledgers. All records relating to the purchase or return, dispensing, distribution, destruction, and sale of medical cannabis must be maintained under appropriate supervision and control to restrict unauthorized access on the licensed premises for a five-year period.

Inventory/Storage

Ohio has selected METRC as the T&T system. Individual licensees, whether directly or through third-party APIs, are required to push data to the state to meet all reporting requirements. A holder of a processing license must track and submit through the inventory tracking system any information the Ohio Department of Commerce determines necessary for maintaining and tracking medical cannabis extracts and products.

A holder of a processing license must conduct weekly inventory of medical cannabis which includes (a) the date of the inventory, (b) net weight of plant material and the net weight and volume of medical cannabis extract, (c) net weight and unit count of medical cannabis products prepared or packaged for sale to a dispensary, and (d) a summary of the inventory findings. On an annual basis and as a condition for renewal of a processing license, a holder of a processing license shall conduct a physical, manual inventory of plant material, medical cannabis extract, and medical cannabis products on hand at the processor and compare the findings to an annual inventory report generated using the inventory tracking system. A holder of a processing license must store plant material, medical cannabis extract, and medical cannabis product inventory on the premises in a designated, enclosed, locked area and accessible only by authorized individuals.

A holder of a dispensary license must use the METRC T&T system to push data to the Ohio Board of Pharmacy on a real-time basis. The following data must be transmitted: (a) each transaction and each day's beginning inventory, acquisitions, sales, disposal and ending inventory, (b) acquisitions of medical cannabis from a licensed processor or cultivator holding a plant-only processor designation, (c) name and license number of the licensed dispensary employee receiving the medical cannabis and, (d) other information deemed appropriate by the Ohio State Board of Pharmacy. A dispensary's designated representative shall conduct the inventory at least once a week. Records of each day's beginning inventory, acquisitions, sales, disposal and ending inventory shall be kept for a period of three years.

The dispensary licensee must restrict access areas and keep stock of medical cannabis in secured area enclosed by a physical barrier with suitable locks and an alarm system capable of detecting entry at a time when licensed dispensary employees are not present. Medical cannabis must be stored at appropriate temperatures and under appropriate conditions to help ensure that its identity, strength, quality and purity are not adversely affected.

Security

All licensees must have a security system that remains operational at all times and that uses commercial grade equipment to prevent and detect diversion, theft or loss of medical cannabis, including (a) a perimeter alarm, (b) motion detectors, and (c) duress and panic alarms. A dispensary must also employ a holdup alarm, which means a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress.

Video cameras at a dispensary must be positioned at each point of egress and each point of sale. The cameras must capture the sale, the individuals and the computer monitors used for the sale. Video surveillance recording must operate 24 hours a day, seven days a week. Recording from all video cameras during hours of operation must be made available for immediate viewing by the Ohio State Board of Pharmacy upon request and must be retained for at least six months.

Video cameras at a processing facility must be directed at all approved safes, approved vaults, cannabis sales areas, and any other area where plant material, medical cannabis extract, or medical cannabis products are being processed, stored or handled. Video surveillance must take place 24 hours a day, seven days a week. Recordings from all video cameras during hours of operation must be readily available for immediate viewing by the Ohio regulatory bodies upon request and must be retained for at least six months.

Oklahoma

Legislative History

In April 2015, the governor of Oklahoma signed House Bill 2154 into law allowing the sale of CBD oil with less than 0.3% THC. On June 26, 2018, Oklahoma voters approved State Question 788 ("**SQ 788**"), which legalized medical cannabis. Oklahoma established the Oklahoma Medical Marijuana Authority ("**OMMA**") to oversee the state's medical cannabis program. The OMMA is responsible for licensing, regulating, and administering the program as authorized by state law. Operating under the Oklahoma State Department of Health, the primary goal of the OMMA is to ensure safe and responsible practices for the people of Oklahoma. On August 6, 2018, the governor of Oklahoma signed the revised emergency rules for the medical cannabis program.

While most medical cannabis state laws include a list of qualifying conditions, Oklahoma does not. According to SQ 788, doctors shall recommend patient licenses using the same judgment they would for prescriptions. In other words, a doctor can write a recommendation for any condition they see fit for medicinal cannabis treatment.

Licensing

The OMMA manages all licensing and registration for medicinal cannabis patients and their caregivers as well as grower, processor and dispensary operators. Applicants must be resident of Oklahoma with at least 75% ownership held by an Oklahoma resident. All owners must present an Oklahoma Secretary of State Certificate of Good Standing and demonstrate exemplary background checks. Non-violent felony convictions in the previous two years or other felony conviction in previous five years are grounds for disqualification. Licenses are valid for one year from the date issued unless revoked by the OMMA. A license may be renewed prior to expiration. Upon receipt of a license, the grower, processor or dispensary must immediately register with the Oklahoma Bureau of Narcotic and Dangerous Drugs Control and prior to any medical cannabis or medical cannabis products are present at the business. As described in Section 3, Acreage Oklahoma Holdings, LLC has been approved for one grower license and one processor license; both facilities will be located in Pocasset, Oklahoma.

Holding Entity	License Number	City	Expiration Date	Description
Acreage OK Holdings, LLC	GAAA-N1LP-BYSH	Pocasset	10/21/2019	Grower
Acreage OK Holdings, LLC	PAAA-4KSX-AVD9	Pocasset	10/15/2019	Processor

Transportation

A cannabis transportation license is issued to qualifying applicants for a commercial license at the time of approval. The transportation license allows the holder to transport cannabis from an Oklahoma licensed dispensary, grower, processor to an Oklahoma licensed dispensary, grower processor or researcher. All medical cannabis must be transported in a locked container shielded from public view and clearly labeled as "Medical Marijuana or Derivative."

Inventory

Oklahoma leverages BioTrack THC as the central Trace and Tracking (T&T) system to oversee inventory of licensed cannabis operations across the state. All cultivation and manufacturing facilities and retail dispensaries are required to utilize an inventory management system to record certain information depending on the license type. For a grower, such information includes the amount of cannabis harvested, sold to a process or dispensary, or dried and on hand. For a processor, details on the amount of cannabis purchased from a grower, or sold to a researcher and the amount of cannabis waste must be accounted for in inventory. The licensee must also document with detailed explanations any discrepancies for cannabis that cannot be account for or is considered overage.

The licensee is required to document the 'chain of custody' of all cannabis and cannabis-related products with frequent on-going inventory reviews in order to detect any diversion, theft or loss in a timely manner. The system must be able to accurately trace the timeline from the time a cannabis plant is propagated to the time it is sold to a patient or caregiver. Traceability is a requirement in the event of a serious adverse event or recall to correctly source the cannabis product.

Record-keeping/Reporting

The state requires all commercial licensees to submit monthly reporting to the Oklahoma Department of Health. Reports are considered untimely if not received by the state by the 15th of each month for activity from the preceding month. The report must include the amount purchased from a licensed process and/or grower, the amount sold to a licensee and the type of licensee, total sales to patients and caregivers as well as taxes collected from sales. If necessary, detailed explanations of inventory discrepancies must be included. Inaccurate reporting may result in fines and failure to report timely or to correct deficiencies within 30 days of department notification may lead to license revocation.

Oregon

Legislative History

Oregon has both a medical and adult-use cannabis program. The Oregon Medical Marijuana Act ("**OMM**") was established by Oregon Ballot Measure 67 in 1998 to allow for the cultivation, possession and use of cannabis by patients upon doctor recommendation. The OMM removed criminal penalties for medical cannabis for patients with debilitating medical conditions whose doctor verified the condition and determined medical cannabis may alleviate the condition. Qualifying conditions include cancer, chronic pain, glaucoma and HIV/AIDS. The Oregon Medical Marijuana Program ("**OMMP**") administers the program within the Oregon Department of Human Services. Patients obtain permits through the Oregon Department of Human Services.

In 2014, Measure 91 was approved which legalized non-medical cultivation and uses of cannabis effective July 1, 2015. Oregon Governor Kate Brown signed an emergency bill declaring cannabis sales legal to recreational users from commercial dispensaries effective October 1, 2015. Effective January 1, 2017, cannabis was permitted to be sold for recreational use only by businesses that obtained a recreational retailer license from the Oregon Liquor Control Commission ("**OLCC**"). Medical cannabis dispensaries that did not obtain a retailer license were no longer permitted to sell cannabis for recreational use after 2016. Holders of retailer licenses are permitted to sell cannabis for medical use to an OMMP patient 18 years of age or older whereas the minimum age to purchase cannabis for recreational use is 21.

Licenses

Oregon does not limit the number of retailer, grower or processing licenses. However, due to the overwhelming amount of new applications, the OLCC suspended all new applications after June 15, 2018 for short period of time. The OLCC regulates all retailer, producer, processor and lab license holders who have been approved to hold recreational licenses and all producers and retailers if they sell both medical and recreational cannabis. The Oregon Health Administration regulates all growers and dispensaries who hold only medical licenses. To operate legally under state law, cannabis operators must obtain a state license and local approval. Applicants for each license class are subject to the respective requirements and criteria of the OLCC which include but are not limited to criminal background checks, zoning requirements, readiness inspection, and state registration.

As of August 2018, there are approximately 1,102 recreational producer licenses, 180 recreational processor licenses and 581 recreational retailer licenses issued by the OLCC.

The table below lists the licenses issued to the Subsidiaries:

Subsidiary	License Number	City	Expiration Date	Description
East 11th	050 1004151A29E	Eugene	01/02/2019	Dispensary Facility
22nd and Burn	050 100400192AC	Portland	12/30/2018	Dispensary Facility
Firestation	050 1003660E75D	Portland	01/03/2019	Dispensary Facility
Acreage HoldingsOR	050 1004152E8C9	Springfield	01/09/2019	Dispensary Facility
Acreage HoldingsOR	050 10026747951	Portland	3/09/2019	Dispensary Facility
Acreage HoldingsOR	Pending	Medford	Pending	Grow Facility

The retailer, producer and processer licenses are valid for one year and the licensees are required to submit a renewal application at least 20 days before the date of expiration. The license holders must ensure that no cannabis is sold, delivered, transported or distributed by a producer from or to a location outside of Oregon.

Record-keeping/Reporting

Oregon uses the METRC T&T system and allows other third-party system integration via an API to track cannabis . The Subsidiaries in Oregon use a third-party T&T system to push the data to the state through an API to meet all reporting requirements. All cannabis products dispensed are documented at point of sale via the T&T system. License holders must maintain the documentation from the T&T system in a secure locked location at each dispensing or growing location for three years as required by the OLCC.

The OLCC requires all cannabis licensees to have and maintain records that clearly reflect all financial transactions and the financial condition of the business. The following records may be kept in either paper or electronic form and must be maintained for a three year period and be made available for inspection if requested by the OLCC: (a) purchase invoices and supporting documents for items and services purchased for use in the production, processing, research, testing and sale of cannabis items that include from whom the items were purchased and the date of purchase, (b) bank statements for any accounts, (c) accounting and tax records, (d) documentation of all financial transactions, including contracts and agreements for services performed or received, and (e) all employee records, including training.

Inventory/Storage

OLCC licensees must report the following to CTS (a) a reconciliation of all on-premise and in-transit cannabis item inventories each day, (b) all information for seeds, usable cannabis, CBD concentrates and extracts by weight, (c) the wet weight of all harvested cannabis plants immediately after harvest, (d) all required information for CBD products by unit count, and (e) for retailer license holders, the price before tax and amount of each item sold to consumers and the date of each transaction. The data must be transmitted for each individual transaction before the retailer opens the next business day.

All cannabis items on a licensed retailer's premises must be held in a safe or vault. All usable cannabis, cut and drying mature cannabis plants, CBD concentrates, extracts or products on the licensed premises of a licensee other than a retailer are to be kept in a locked, enclosed area within the licensed premises that is secured with at a minimum, a steel door with a steel frame or equivalent, and a commercial grade, non-residential door lock.

All licensees must keep all video recordings and archived required records not stored electronically in a locked storage area. Current records may be kept in a locked cupboard or desk outside the locked storage area during hours when the licensed business is open.

Security

A licensed premise must have a fully operational security alarm system, activated at all times when the licensed premises is closed for business. Among other features the security alarm system for the licensed premises must (a) be able to detect unauthorized entry onto the licensed premises and unauthorized activity within any limited access area where mature cannabis plants, usable cannabis, CBD concentrates, extracts or products are present, (b) be programmed to notify the licensee, a licensee representative or other authorized personnel in the event of an unauthorized entry, and (c) either have at least two operational "panic buttons" located inside the licensed premises that are linked with the alarm system that immediately notifies a security company or law enforcement, or have operational panic buttons physically carried by all employees present on the licensed premises that are linked with the alarm system that immediately notifies a security company or law enforcement.

A licensed premise must have a fully operational video surveillance recording system. Among other requirements, a licensed premise must have cameras that continuously record, 24 hours a day, seven days a week: (a) in all areas where mature cannabis plants, usable cannabis, CBD concentrates, extracts or products may be present on the licensed premises; and (b) all points of ingress and egress to and from areas where mature cannabis plants, usable cannabis, CBD concentrates, extracts or products are present. A licensee must keep all surveillance recordings for a minimum of 90 calendar days and have the surveillance room or surveillance area with limited access.

Transportation

Licensed producers which transport cannabis to licensed retailers must comply with the following: (a) a licensee must keep cannabis items in transit shielded from public view, (b) the cannabis items must be of secured (locked-up) during transport, (c) the transport must be equipped with an alarm system, (d) the transport must be temperature controlled if perishable cannabis items are being transported, (e) the transport must provide arrival date and estimated time of arrival information, (f) all cannabis items must be packaged in shipping containers and labeled with a unique identifier, and (g) the transport must provide a copy of the printed manifest and any printed receipts for cannabis items delivered to law enforcement officers or other representatives of a government agency if requested to do so while in transit.

Pennsylvania

Legislative History

The Pennsylvania Medical Marijuana Program (the "**PA Program**") was established by the Pennsylvania Medical Marijuana Act (the "**PA Act**") on April 17, 2016. The PA Program provides access to medical cannabis for qualified state residents who suffer from 21 specific medical conditions including epilepsy, chronic pain, HIV, AIDS, cancer, and post-traumatic stress disorder. To qualify under the PA Program, medical cannabis patients must both register with the Pennsylvania Department of Health (the "**PADOH**") and obtain either an identification card or authorization letter from the PADOH. As of May 2018, approximately 37,000 patients in Pennsylvania have been registered to purchase medical cannabis products. On February 15, 2018, dispensaries licensed under the PA Program began selling medical cannabis to qualified patients. Pennsylvania currently allows sale of medical cannabis to qualified patients in the following forms: pill, oil, topical forms including gels, creams, or ointments, tincture, and liquids. On August 1, 2018, the Pennsylvania Health Secretary approved the sale dry leaf cannabis.

Permits

The PA Act allows the PADOH to issue up to 25 grower/processor permits and 50 dispensary permits (each dispensary permit allows the holder to open up to three separate dispensary sites). On June 29, 2017, the PADOH issued 12 cultivation/processing permits and 27 dispensary permits. Permits are granted to applicants who demonstrate, among other things: (a) the ability to implement and maintain effective security measures and controls to prevent diversion, (b) a clear criminal background free of illegal conduct, (c) compliance with municipality zoning requirements, (d) well-defined standard operating procedures, and (e) a verified diversity plan. Prior to awarding permits, the PA Program requires the PADOH to verify all applicant information including through interviews of principals, operators, financial backers, and employees engaged and to be engaged in the permit applicant's cannabis operations.

On March 22, 2018, the PADOH announced it planned to issue an additional 13 grower/processor permits and 23 dispensary permits.

The table below lists the permit issued to PWPA. In addition to the below, PWPA applied for an additional dispensary permit. It is anticipated the PADOH will announce permit award decisions in the fourth quarter of 2018.

Holding Entity	Permit	City	Expiration Date	Description
PWPA	GP- 1005-17	Sinking Spring	06/20/2019	Grow/Processing Facility

Dispensary, grower, and processing permits are valid for one year from the date of issuance and permit holders are required to submit renewal applications in accordance with the PA Act. The PADOH must renew a permit unless it determines the applicant is unlikely to maintain effective control against diversion of medical cannabis and the applicant is unlikely to comply with all laws as prescribed under the PA Act. Additionally, permit holders must ensure that no cannabis is sold, delivered, transported, or distributed outside of Pennsylvania.

Record keeping/Reporting

The PA Act requires each licensed medical cannabis grower/processor or dispensary to report information to the PADOH every three months including, but is not limited to, (a) the amount of medical cannabis sold by the grower/processor, (b) the total value and amounts of medical cannabis sold by the grower/processor, (c) the amount of medical cannabis purchased by each dispensary, (d) the cost and amounts of medical cannabis sold to each dispensary, and (e) the total amount and dollar value of medical cannabis sold by each dispensary.

To monitor reporting requirements under the PA Act, the PADOH selected MJ Freeway as the T&T to implement a seed-to-sale electronic tracking. PWPA also uses MJ Freeway to push data and ensure compliance with all reporting requirements.

Inventory/Storage

The PA Act requires each medical cannabis grower/processor maintains inventory and storage data in an electronic format through MJ Freeway. The following information is tracked to ensure a compliant cannabis business operation: (a) the number, weight, and type of seeds used, (b) the number of immature medical cannabis plants, (c) the number of mature medical cannabis plants, (d) the number of medical cannabis products ready for sale, and (d) the number of damaged, defective, expired, or contaminated seeds, immature medical cannabis plants, medical cannabis plants and medical cannabis products awaiting disposal.

Robust physical inventory controls and procedures are required of each medical cannabis grower/processor under the PA Act. The following procedures are mandated to ensure physical inventory counts match electronic records: (a) monthly inventory counts of both medical cannabis plants in the process of growing and medical cannabis products that are stored for future sale, (b) comprehensive inventory counts of seeds, immature medical cannabis plants and medical cannabis plants, and (c) written or electronic records created and maintained for each inventory count conducted.

Additionally, each medical cannabis grower/processor must separately store in locked, limited access areas all seeds, immature medical cannabis plants, medical cannabis plants and medical cannabis that is expired, damaged, deteriorated, mislabeled or contaminated.

Security

The PA Act mandates each medical cannabis grower/processor must use security and surveillance systems including stringent video backup requirements to safeguard their medical cannabis and related products. Security requirements include: (a) alarm systems that cover all facility entrances, exits, areas that contain medical cannabis, safes, and the perimeter of the facility, and (b) professionally-monitored security and surveillance systems that operate 24 hours a day, 7 days a week and record all activity in images capable of clearly revealing facial detail. All images captured by each surveillance camera must be stored for a minimum of four years in a format that may be easily accessed for investigative purposes. Furthermore, all recordings must be kept in a locked cabinet, closet or other secure place to protect them from tampering or theft.

The PA Act also specifies requirements for the alarm system. The alarm system must include: (a) a silent security alarm signal, (b) an audible security alarm signal generated by the manual activation of a device intended to signal a life-threatening or emergency situation requiring law enforcement response, and (c) an electrical, electronic, mechanical, or other device capable of being programmed to send a prerecorded voice message requesting dispatch, when activated, over a telephone line, radio, or other communication system to a law enforcement, public safety, or emergency services agency.

Transportation

A medical cannabis grower/processor must transport and deliver medical cannabis to a medical cannabis organization or an approved laboratory within Pennsylvania in accordance with the following: (a) deliveries must be made between 7:00 a.m. and 9:00 p.m., (b) a global positioning system must be used to ensure safe and efficient delivery, (c) medical cannabis may not be visible from outside of the transport vehicle, (d) vehicles must be equipped with a secure cargo area, (e) each transport vehicle must be staffed with at least two individuals and at least one delivery team member must remain with the medical cannabis at all times, and (f) a printed or electronic transport manifest must accompany every delivery.

Rhode Island

Legislative History

In 2006, Rhode Island legalized medical cannabis and enacted the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act. Rhode Island had approved six qualifying debilitating Medical Conditions including but are not limited to cancer, glaucoma, HIV/AIDS, hepatitis C and epilepsy/agitation. In 2009, lawmakers in Rhode Island approved an amendment to the medical cannabis law allowing state-licensed medical cannabis dispensaries ("**compassion centers**") to dispense medical cannabis. In June 2016, the Rhode Island legislature approved an article that creates significant reforms to the state's medical cannabis program. The reforms included but were not limited to: (a) qualifying medical cannabis patients will no longer be required to designate compassion centers in order to enter and purchase products from those facilities, (b) the Department of Business Regulation will begin implementing additional regulations on compassion centers, such as stricter standards for product testing and requiring a government-accessible inventory tracking system, and (c) effective January 1, 2019, medical cannabis patients will be required to choose whether they wish to grow their own medicinal cannabis or appoint a natural person caregiver. They will no longer be able to cultivate their own medical cannabis and have a caregiver grow for them at the same time. Also in 2016, lawmakers approved legislation adding PTSD to the list of qualifying conditions for medical cannabis. As of March 31, 2018, there were 18,728 active patients certified to obtain cannabis through the states Rhode Island Medical Marijuana Program ("**RIMMP**").

Licensing

The Rhode Island Department of Health's ("**RIDOH**") Medical Marijuana Program administers the provisions of the state's Medical Marijuana Act and related regulations. The Rhode Island Department of Business Regulation ("**DBR**") is responsible for licensing and regulatory oversight of cultivators and the state's medical cannabis plant tracking system. The DBR also licenses and oversees compassion centers. To date, Rhode Island has awarded licenses for three compassion care centers and 36 cultivators. A compassion center license allows the licensee to grow, manufacture and dispense cannabis and cannabis infused products.

The Medical Marijuana Program allows a qualifying patient, authorized purchaser or caregiver who is registered with the Rhode Island Department of Health to purchase medical cannabis from a registered compassion center. Licensed cultivators may sell medical cannabis and medical cannabis products to registered compassion centers in accordance with state law.

The table below lists the licenses issued to GCCC in Rhode Island:

Holding Entity	License Number	City	Expiration Date	Description
GCCC	MMP CC 002	Portsmouth	5/25/2019	Compassion Center
GCCC	MMP CC 002	Newport	5/25/2019	Grow/processing

In addition to providing a comprehensive business plan outlining scope of activities, budget, resource narratives, and timeline for initiating operations, an applicant must evidence compliance with the local zoning laws, provide a comprehensive diagram of the proposed facilities, including where within the facility the medical cannabis will be cultivated, stored, processed, packaged, manufactured and dispensed, and where security alarms and cameras and surveillance recording storage will be located. Principals of the management team must clear criminal background checks and are evaluated for their experience in managing a cannabis operation. Prior to granting the final license, the state will perform an inspection of the facility to ensure regulatory requirements are met.

Once the applicant has been authorized by the state, the applicant must take reasonable and documented efforts to launch compassion center activities with active medical cannabis cultivation, processing, packaging, manufacturing, authorized sales and/or other medical cannabis activities within a year. Compassion center registrations are issued for one-year terms. Registration renewal is based on whether the compassion center is adequately providing patients with access to medical cannabis at reasonable rates. To avoid potential conflicts, 'key persons' of the compassion center may not have any material financial interest or control in another compassion center, a cultivator, or a licensed cooperative cultivation or vice versa.

Security

Each compassion center must have a fully operational security alarm system at each authorized physical address that will provide suitable protection against theft and diversion, including alarms at all outside perimeter entry points and outside perimeter windows. A fully operational security alarm system should at a minimum include a combination of hard-wired systems and systems interconnected with a radio frequency method such as cellular or private radio signals that emit or transmit a remote or local audible, visual, or electronic signal; motion detectors, pressure switches, duress alarms, panic alarms and hold-up alarms (a silent system signal to indicate that a robbery is in progress). A fully operational security alarm system shall at a minimum provide for immediate automatic or electronic notification to alert municipal and/or state law enforcement agencies to an unauthorized breach or attempted unauthorized breach of security at the compassion center or any other authorized physical address and to any loss-of-electrical support backup system to the security alarm system. Each compassion center must test the security alarm system for each authorized location at intervals not to exceed thirty calendar days from the previous test.

Each compassion center must have a fully operational video surveillance and camera recording system which includes but is not limited to the following; all video surveillance systems must be equipped with a failure notification system that provides prompt notification of any surveillance interruption and/or the complete failure of the surveillance system, remote access to a continuous live feed video on a real time basis available at all times to the authorized compassion center personnel and the DBR upon request, and camera coverage set in all areas where cannabis and cannabis products are grown, cultivated, stored, weighed, packaged, processed, manufactured or sold, including all areas of ingress and egress thereto, point-of-sale areas, and security rooms.

Camera views of required coverage areas shall be continuously recorded 24 hours a day, seven days per week. All surveillance recordings must be kept for a minimum of 60 days. Surveillance recording equipment and all video surveillance records and recordings must be housed in a designated, locked and secured room or other enclosure with access limited to compassion center personnel specifically authorized by management.

Inventory Control

An authorized compassion center is required to utilize the state approved Medical Marijuana Program Tracking System, Agrisoft, to document and monitor compliance with seed to sales inventory tracking. This includes point of sales, dispensing limits, patient information privacy protections, inventory supply, restrictions on third party supply and sources of cannabis and cannabis products and transfers off the premises. A compassion center must limit its Inventory of seedlings, plants, and usable cannabis to reflect the projected needs of qualifying patients.

A compassion center should be equipped to conduct an initial comprehensive inventory of all medical cannabis, including usable cannabis, cannabis plants and seedlings, unusable cannabis, and wet cannabis, and perform subsequent comprehensive inventories at intervals at least every 24 months. On a monthly basis, a compassion center must be able to assess its inventory in these same categories.

All cannabis product must be tagged and assigned a unique identifier through each stage of cultivation from seed propagation to packaging via the Medical Marijuana Program Tracking System and marked with a registration number, barcodes and/or alphanumeric code, and registered premises location. Once assigned a unique identifier tag within the Medical Marijuana Program Tracking System, tags may not be altered or duplicated. An identifier tag is to be assigned only when affixed to cannabis plants, wet cannabis, or usable cannabis which is ready to be sold or transferred.

Record-keeping

The DBR requires compassion centers retain hard-copy and electronic records to document all cultivation and dispensing activities of the center. Records to be maintained for a period of at least 5 years include real-time logs of all acquisitions, dispensing, and sales of cannabis in the Medical Marijuana Program Tracking System, applicable limits applied to all dispensing and sales transactions, training procedures and training attendee logs, specifically, on use of the Medical Marijuana Program Tracking System and any other tracking system used by the compassion center. Records pertaining to transaction activity occurring within the previous six months must be stored on the center premises. Records dating beyond six months may be stored off the premises with the state's approval.

Other records to be retained include personnel records, purchase orders with licensed cultivators, including any canceled or voided contracts or purchased orders, invoices and supporting documentation of all cannabis purchases, acquisitions, transfers, payments and third-party vendor contracts. Activity pertaining to security including the security alarm and video surveillance systems, testing, upgrades site inspections and visitor logs must be stored digitally on the premises for at least 24 months after the event.

Compassion centers must keep detailed records of any pesticide products used and application regiments, including video recording during pesticide applications which must cease if there is a failure or disruption of the video surveillance system. The record-keeping requirement is independent of that required of commercial pesticide applicators by the state's Department of Environmental Management.

Assessing the Markets/Business

The Subsidiaries operate in a large, fragmented marketplace. There are certain large cannabis growers as well as a large segment of small and local cannabis product firms who provide a variety of different products and services. See Section 4.1 for additional details on cannabis market and business.

Competitive Conditions and Environment

See Section 4.1 for a discussion of the competitive conditions in the cannabis market and business.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

Pubco

The following table provides a brief summary of Pubco's financial operations for the each of the two most recently completed financial years. Refer to Schedule "A" for a complete copy of Pubco's audited financial statements for the years ended August 31, 2018 and 2017. See also, Schedule "G" for pro-forma financial statements of the Resulting Issuer as at June 30, 2018.

Description	Year Ended August 31, 2018 (audited) (C$)	Year Ended August 31, 2017 (audited) (C$)
Revenue	$ 0	$ 0
Loss from continuing operations	$ (16,684)	$ (187,380)
Loss per share from continuing operations	$ (0.002)	$ (0.058)
Net loss	$ (16,684)	$ (187,380)
Net loss per share basic and diluted	$ (0.002)	$ (0.058)
Total assets	$ 29,042	$ 599
Total long-term financial liabilities	$ 304,348	$ 0

Acreage Holdings

The following table provides a brief summary of Acreage Holdings' consolidated financial operations for the each of the two most recently completed financial years, and the six month period ended June 30, 2018. Refer to Schedules "C" and "E" for complete copies of Acreage Holdings' financial statements for the years ended December 31, 2017 and 2016, and the unaudited interim financial statements for the six months ended June 30, 2018. See also, Schedule "G" for pro-forma financial statements of the Resulting Issuer as at June 30, 2018.

Description	Year Ended December 31, 2017 (audited) ($000s)	Year Ended December 31, 2016 (audited) ($000s)	Six Months Ended June 30, 2018 (unaudited) ($000s)
Revenue	$ 7,743	$ 3,771	$ 5,148
Income (loss) from continuing operations [(1)]	$ (6,810)	$ (1,999)	$ 2,405
Net income (loss)	$ (7,616)	$ (2,408)	$ 1,922
Total assets	$ 73,009	$ 31,486	$ 224,060
Total long-term financial liabilities	$ 32,470	$ 655	$ 47,930

Notes:
(1) Income from continuing operations is prior to income tax expense.

Resulting Issuer

As the Resulting Issuer will be formed as a result of the RTO, it does not have historical financial statements presented on a consolidated basis. The following table provides a brief summary of financial information of the Resulting Issuer as at June 30, 2018. See also, Schedule "G" for pro-forma financial statements of the Resulting Issuer as at June 30, 2018.

Description	Six Months Ended June 30, 2018 (pro forma) ($000s)
Revenue	$ 14,126
Net operating loss	$ (27,941)
Net loss	$ (16,937)
Total assets	$ 549,315
Total long-term financial liabilities	$ 13,317

The financial statements included in this Listing Statement have been, and the future financial statements of the Resulting Issuer will be, prepared in accordance with IFRS.

5.2 Dividends

The Resulting Issuer does not intend, and is not required, to pay any dividends on the Resulting Issuer Shares. Any future determination to pay dividends will be at the discretion of the Resulting Issuer Board and will depend, among other things, on the financial condition, earnings, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the Resulting Issuer Board deems relevant. The Resulting Issuer's ability to pay dividends may be affected by U.S. state and federal regulations. See "*Risk Factors*".

Notwithstanding the foregoing, pursuant to the Tax Receivable Agreement and the Tax Receivable Bonus Plan, certain Acreage Holdings Members are entitled to payments of certain tax benefits . See "*Description of Securities - description of Share Capital of the Resulting Issuer - Tax Receivable Agreement - Tax Receivable Bonus Plan*".

5.3 Foreign GAAP

Not applicable.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Please refer to Schedule "B" for Pubco's MD&A for the fiscal years ended August 31, 2018 and 2017.

Please refer to Schedule "D" for Acreage Holdings' MD&A for the fiscal years ended December 31, 2017 and 2016 and to Schedule "F" for the three and six months ended June 30, 2018 and 2017.

7. MARKET FOR SECURITIES

On February 20, 2001, Pubco's shares ceased trading OTC on the Canadian Dealing Network (AIMC.A / AIMC.B) when the Ontario Securities Commission issued a cease trade order on Pubco's securities as a result of Pubco's failure to meet certain filing requirements. The Ontario Securities Commission revoked the cease trade order on August 26, 2011. The Resulting Issuer has applied to list the Subordinate Voting Shares on the CSE under the symbol "ACRG.U".

8. CONSOLIDATED CAPITALIZATION

The following table sets forth the expected capitalization of the Resulting Issuer, as at November 13, 2018, after giving pro forma effect to the RTO.

Description	Number Outstanding Prior to Giving Effect to the SR Financing and the RTO	Number Outstanding After Giving Effect to the SR Financing and the RTO	Number Outstanding After Giving Effect to the SR Financing and the RTO on an as converted to Subordinate Voting Shares[3]
Acreage Holdings:			
Class A Units	20,000,000	-	-
Class A PIK	455,127	-	-
Class B Units	20,000,000	15,957,908	-
Class C Units	6,000,000	5,059,719	-
Class C-1 Units	6,475,000	5,875,000	-
Class D Units	17,018,390	-	-
Class E Units	19,352,143	142,903	-
Acreage Holdings Notes	6,473,521	-	-
Acreage Holdings Warrants	1,877,607	-	-
Pubco:[2]			
Class A subordinate voting shares	5,738,435	-	-
Class B multiple voting shares	7,839,599	-	-
Class C preference shares	-	-	-
Resulting Issuer:			
Subordinate Voting Shares	-	[1] 21,443,042	[1][2] 108,400,017
Proportionate Voting Shares	-	1,445,879	-
Multiple Voting Shares	-	168,000	-
Resulting Issuer Warrants (Subordinate Voting Shares)	-	1,877,607	-
Resulting Issuer Warrants (Proportionate Voting Shares)	-	5,575	-
Options[4]	-	4,254,500	-
RSUs[5]		2,285,850	-
Stock Awards[6]		15,900	-
Compensation Options	-	157,512	-

Notes:
(1) reflects gross proceeds under the Finco SR Financing of $314,153,600 and a SR Offering Price of $25.00 per Finco Subscription Receipt.
(2) assumes a pre-RTO valuation of Pubco at C$1,250,000.
(3) assumes conversion of 1,445,879 Proportionate Voting Shares on a 40:1 basis and the conversion, redemption and exchange, as applicable, of 168,000 Multiple Voting Shares, 15,957,908 Class B Membership Units, 5,059,719 Class C Membership Units, 142,903 Class E Membership Units, 5,875,000 Class C-1 profit interests and 1,918,285 Class B Non-Voting Common Shares of USCo2 on a 1:1 basis.
(4) assumes issuance of 4,254,500 Options to certain officers, directors and employees immediately following completion of the RTO.
(5) assumes issuance of 2,285,850 RSUs to certain officers, directors and employees immediately following completion of the RTO.
(6) assumes issuance of 15,900 Stock Awards to Mr. Doherty immediately following completion of the RTO.

9. OPTIONS TO PURCHASE SECURITIES

The following table sets forth the aggregate number of Options of the Resulting Issuer that will be outstanding immediately following completion of the RTO. The Options will be subject to the New Omnibus Equity Plan, the principal terms of which are described below.

Category of Option holder	Subordinate Voting Shares Under Options Granted	Exercise Price ($)	Date of Grant
All executive officers and past executive officers of the Resulting Issuer as a group and all directors and past directors of the Resulting Issuer who are not also executive officers as a group	2,560,000	25.00	November 14, 2018
All executive officers and past executive officers of all subsidiaries of the Resulting Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, excluding individuals referred to in (a) above	Nil	N/A	N/A
All other employees and past employees of the Resulting Issuer as a group	1,694,500	25.00	November 14, 2018
All other employees and past employees of subsidiaries of the Resulting Issuer as a group	Nil	N/A	N/A
All consultants of the Resulting Issuer as a group	Nil	N/A	N/A

Summary of New Omnibus Equity Plan

The principal features of the New Omnibus Equity Plan are summarized below.

Purpose

Pursuant to the New Omnibus Equity Plan, the Resulting Issuer will be able to issue equity-based compensation in the form of stock options ("**Options**"), stock appreciation rights, stock awards ("**Stock Awards**"), unrestricted shares or restricted shares, deferred share units, restricted share units ("**RSUs**"), performance shares, performance units, and other stock-based awards to eligible participants, which are referred to herein collectively as "**Awards**" as more fully described below.

The purpose of the New Omnibus Equity Plan is to enable the Resulting Issuer and certain of its Subsidiaries to obtain and retain services of the eligible participants, which is essential to the Resulting Issuer's long-term success.

The granting of Awards under the New Omnibus Equity Plan is intended to promote the long-term financial interests and growth of the Resulting Issuer and its Subsidiaries by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of the Resulting Issuer's business. Moreover, the New Omnibus Equity Plan aims to align the interests of eligible participants with those of the shareholders of the Resulting Issuer through opportunities of increased equity-based ownership in the Resulting Issuer.

The maximization of shareholder value is encouraged by the granting of incentives under the New Omnibus Equity Plan. An objective of the New Omnibus Equity Plan is to reward and retain NEOs. The program is designed to reward NEOs for maximizing shareholder value in a volatile commodity-based business in a regulatory compliant and ethical manner. Increasing the value of Subordinate Voting Shares increases the value of the stock options. This incentive closely links the interests of the officers and directors to shareholders of the Resulting Issuer and encourages a long-term commitment to the Resulting Issuer.

Eligibility

Eligible participants under the plan include directors, officers (including the NEOs), employees and consultants of the Resulting Issuer and its Subsidiaries (the "**Participants**").

Administration

The New Omnibus Equity Plan will be administered by the Compensation and Corporate Governance Committee while the specific granting of Awards will be authorized by the Resulting Issuer Board. The following discussion is qualified in its entirety by the text of the New Omnibus Equity Plan.

The terms and conditions attaching to the Awards will be determined by Compensation and Corporate Governance Committee and will be set forth in grant agreements. The Compensation and Corporate Governance Committee will have the power and discretionary authority to determine the terms and conditions of the Awards, including the individuals who will receive the Awards, the type and number of awards subject to each Award, the terms of settling the Awards, the form of consideration payable on settlement of Awards and the timing of the Awards.

Options

The exercise price of any Options shall be determined by the Compensation and Corporate Governance Committee, subject to CSE approval (if required), at the time such Options are granted. In no event shall such exercise price be lower than the greater of the closing market prices of the underlying securities on: (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options. Subject to any vesting restrictions imposed by the CSE, the Compensation and Corporate Governance Committee may determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist. If an Option is canceled prior to its expiry date, the Resulting Issuer must post notice of the cancellation and shall not grant new Options to the same person until 30 days have elapsed from the date of cancellation.

The outstanding Options and stock appreciation rights that will terminate upon the effective time of the change in control (as such term is defined in the New Omnibus Equity Plan) of the Resulting Issuer shall, immediately before the effective time of such change in control, become fully exercisable and the holders of such Awards, as applicable, will be permitted, immediately before the change in control, to exercise such awards.

General

Subject to adjustment provisions as provided in the New Omnibus Equity Plan, the maximum number of Subordinate Voting Shares that may be issued under the New Omnibus Equity Plan shall be equal to 10% of the number of issued and outstanding Subordinate Voting Shares from time to time, on an as converted to Subordinate Voting Shares basis. Such Awards may be made in any form permitted under the New Omnibus Equity Plan, in any combinations approved by the Compensation and Corporate Governance Committee.

The Compensation and Corporate Governance Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the New Omnibus Equity Plan shall be non-transferable except by will or by the laws of descent and distribution. Except as explicitly provided in an Award, no Participant shall have any rights as a shareholder with respect to Subordinate Voting Shares covered by Awards, unless and until such Awards are settled in Subordinate Voting Shares.

No Option (or, if applicable, RSUs) shall be exercisable, no Subordinate Voting Shares shall be issued, no certificates for Subordinate Voting Shares shall be delivered and no payment shall be made under the New Omnibus Equity Plan except in compliance with all applicable laws.

Effective upon the closing of the RTO, it is anticipated that the Resulting Issuer Board will issue 2,285,850 RSUs, 4,254,500 Options and 15,900 Stock Awards to certain directors, officers and employees, each pursuant to the New Omnibus Equity Plan to acquire an aggregate of 6,556,250 Subordinate Voting Shares (representing 6.05% of the issued and outstanding Subordinate Voting Shares on an as converted to Subordinate Voting Shares basis). Immediately after completion of the RTO, 4,329,493 Subordinate Voting Shares (representing 3.99% of the issued and outstanding Subordinate Voting Shares on an as converted to Subordinate Voting Shares basis) will remain available for Awards pursuant to the New Omnibus Equity Plan.

Tax Withholding

The Resulting Issuer may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Participants will be required to pay any withholding tax obligations to the Resulting Issuer or any of its Subsidiaries.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Securities

Description of Share Capital of the Resulting Issuer

The authorized share capital of the Resulting Issuer will consist of an unlimited number of Subordinate Voting Shares, an unlimited number of Proportionate Voting Shares and an unlimited number of Multiple Voting Shares. Upon completion of the RTO, the Subordinate Voting Shares will represent approximately 3.7% of the voting rights attached to outstanding securities of the Resulting Issuer, the Proportionate Voting Shares will represent approximately 9.9% of the voting rights attached to outstanding securities of the Resulting Issuer and the Multiple Voting Shares will represent approximately 86.4% of the voting rights attached to outstanding securities of the Resulting Issuer.

The following is a summary of the rights, privileges, restrictions and conditions attached to the proposed Subordinate Voting Shares, the Proportionate Voting Shares and the Multiple Voting Shares.

Subordinate Voting Shares

Holders of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

As long as any Subordinate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Resulting Issuer, dividends in cash or property of the Resulting Issuer. No dividend will be declared or paid on the Subordinate Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio) on the Proportionate Voting Shares and Multiple Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with all other holders of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio).

Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Proportionate Voting Shares

Holders of Proportionate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Proportionate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted (initially 40 votes per Proportionate Voting Share held).

As long as any Proportionate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Proportionate Voting Shares and Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Proportionate Voting Shares. Consent of the holders of a majority of the outstanding Proportionate Voting Shares and Multiple Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Proportionate Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Proportionate Voting Shares will have one vote in respect of each Proportionate Voting Share held.

Holders of Proportionate Voting Shares will be entitled to receive, as and when declared by the directors of the Resulting Issuer, dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratios) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Proportionate Voting Shares unless the Resulting Issuers simultaneously declares or pays, as applicable, equivalent dividends on the Subordinate Voting Shares and Multiple Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Proportionate Voting Shares, be entitled to participate rateably along with all other holders of Proportionate Voting Shares, Subordinate Voting Shares and Multiple Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratios).

Holders of Proportionate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Each Proportionate Voting Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Resulting Issuer or any transfer agent for such shares, into a number of fully paid and non-assessable Subordinate Voting Shares which shall represent the equivalent voting power of the converted Proportionate Voting Share and as shall be adjusted from time to time for distributions, recapitalizations and stock splits. The ability to convert the Proportionate Voting Shares is subject to a restriction that, unless the Board determines otherwise, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions.

Multiple Voting Shares

Holders of Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to 3,000 votes in respect of each Multiple Voting Share held. Each Multiple Voting Share shall automatically convert, without any action on the part of the holder thereof, into Subordinate Voting Shares on the basis of one Subordinate Voting Share for one Multiple Voting Share upon the earliest of the date that (i) the aggregate number of Multiple Voting Shares held by the holders of Multiple Voting Shares together with the affiliates thereof are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Multiple Voting Shares held by such holder together with the affiliates on the date of completion of the RTO, (ii) the aggregate number of Acreage Holdings Units held by the holders of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Acreage Holdings Units held by such holders together with the affiliates on the date of completion of the RTO, and (iii) is five years following completion of the RTO.

Multiple Voting Shares are intended to provide voting control to Mr. Murphy. As long as any Multiple Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. Additionally, consent of the holders of a majority of the outstanding Multiple Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Multiple Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

Holders of Multiple Voting Shares will be entitled to receive, as and when declared by the directors of the Resulting Issuer, dividends out of any cash or other assets legally available therefor, *pari passu* (on an as-converted basis, assuming conversion of all Multiple Voting Shares into Proportionate Voting Shares and then into Subordinate Voting Shares, and the conversion of all Proportionate Voting Shares into Subordinate Voting Shares at the applicable conversion ratios) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends on the Subordinate Voting Shares and Proportionate Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Multiple Voting Shares, be entitled to participate rateably along with all other holders of Multiple Voting Shares, Proportionate Voting Shares and Subordinate Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio).

Holders of Multiple Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, Proportionate Voting Shares or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No Multiple Voting Share will be permitted to be transferred by the holder thereof without the prior written consent of the Resulting Issuer Board.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Each Multiple Voting Share shall automatically convert, without any action on the part of the holder thereof, into Subordinate Voting Shares on the basis of one Subordinate Voting Share for one Multiple Voting Share upon the earliest of the date that (i) the aggregate number of Multiple Voting Shares held by the holder of Multiple Voting Shares together with its Affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Multiple Voting Shares held by such holder together with its Affiliates on the date of completion of the RTO, (ii) the aggregate number of Acreage Holdings Units held by the holder of Multiple Voting Shares together with its Affiliates are reduced to a number which is less than fifty per cent (50%) of the aggregate number of Acreage Holdings Units held by such holder together with its Affiliates on the date of completion of the RTO, and (iii) is five (5) years following completion of the RTO.

Coattail Provisions

In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

(a) required, pursuant to applicable securities legislation or the rules of, or as a condition of listing on, any stock exchange on which: (i) the Proportionate Voting Shares; or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and

(b) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to 0.025 of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares on the basis of 40 Subordinate Voting Shares for one Proportionate Voting Share; at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**"). For avoidance of doubt, fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is exercised which is less than 40.

The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Resulting Issuer will procure that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

Coattail Agreement

In connection with the RTO, the holder of Multiple Voting Shares will enter into a coattail agreement (the "**Coattail Agreement**") with Acreage Holdings and the transfer agent for the Subordinate Voting Shares pursuant to which the holders of Subordinate Voting Shares will be granted rights similar those to be granted to them in connection with the Proportionate Voting Shares as described above under "-- *Coattail Provisions*".

Description of Capital of USCo

The authorized share capital (together, the "**USCo Shares**") of USCo consists of (i) 100,000,000 shares of Class A voting common stock, (ii) 100,000,000 shares of Class B voting common stock, and (iii) 100,000,000 shares of Class C voting common stock.

Holders of USCo Shares are entitled to receive notice of, attend and vote at meetings of the securityholders of USCo, and vote together as a single class. Each USCo Share entitles the holder thereof to one vote on all matters upon which holders of USCo Shares are entitled to vote.

Following completion of the RTO, the Founder and certain executive employees will retain their interest in Acreage Holdings and enter into a tax receivable agreement with USCo, Acreage Holdings and certain of the Acreage Holdings members (the "**Tax Receivable Agreement"**). USCo will be the sole manager of Acreage Holdings and will have the exclusive right, power and authority to manage, control, administer and operate the business and affairs, and to make decisions regarding the undertaking and business, of Acreage Holdings in accordance with the amended and restated limited liability company agreement of Acreage Holdings, which shall become effective as of the Closing (the "**A&R LLC Agreement**"). Following the completion of the RTO, all outstanding USCo Shares will be held by the Resulting Issuer.

A&R LLC Agreement

The following is a summary of the material provisions set forth in the A&R LLC Agreement, which amended, restated and superseded the Prior LLC Agreement in its entirety upon consummation of the RTO.

Acreage Holdings will have perpetual existence and will continue as a limited liability company until and unless Acreage Holdings is terminated or dissolved in accordance with the A&R LLC Agreement and the Delaware Limited Liability Company Act, as may be amended or restated from time to time (the "**DLLCA**").

The principal purpose and business of Acreage Holdings shall be to engage in any lawful act or activity for which a limited liability company may be organized under the DLLCA and to conduct such other activities as may be necessary, advisable, convenient or appropriate to promote or conduct the business of Acreage Holdings as set forth herein, including, but not limited to, operating in the legal cannabis sector, which includes making and holding investments in equity and debt securities of cannabis related businesses, and operating cultivation, processing and dispensing activities with respect to cannabis products.

USCo is the sole manager of Acreage Holdings and will manage all of Acreage Holdings' operations and activities in accordance with the A&R LLC Agreement. USCo has the capacity and authority to act as the manager of Acreage Holdings.

Subject to the terms of the A&R LLC Agreement and the DLLCA, USCo has the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of Acreage Holdings. Among other things, USCo is empowered to negotiate, execute and perform all agreements, conveyances or other instruments on behalf of Acreage Holdings, and to mortgage, charge or otherwise create a security interest over any or all of the property of Acreage Holdings or its subsidiaries, and to sell property subject to such a security interest.

The A&R LLC Agreement provides that, where USCo is permitted or required to take any action or to make a decision in its "sole discretion", "discretion", with "complete discretion" or any other grant of similar authority and latitude under the A&R LLC Agreement in managing Acreage Holdings' operations and activities, USCo shall be entitled to consider only such interests and factors as it desires, including its own interests and shall, to the fullest extent permitted by the DLLCA, have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of, or factors affecting, Acreage Holdings or the other Acreage Holdings members.

Despite the foregoing, USCo will only be able to take certain types of actions (as set forth in the A&R LLC Agreement) if the same are approved, consented to or directed by a majority of the Acreage Holdings Members.

Upon Closing, the capital of Acreage Holdings shall initially consist of two classes of Acreage Holdings Units: Common Units and Class C-1 Membership Units. The interest of USCo is to be represented by Common Units with the number of issued Common Units immediately following the Closing to be equal to the respective number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding prior to the completion of the RTO, provided; however, that such Common Units held by each of USCo and USCo2 shall not entitle USCo or USCo2, respectively, to any exchange or redemption rights with respect to such Common Units; the interests of other Acreage Holdings Members will be represented by Common Units, pursuant to which all such other members shall be entitled to certain exchange rights and redemption rights, as provided in the A&R LLC Agreement. The A&R LLC Agreement shall also authorize the issuance of Class C-1 Membership Units to persons who provide services for or on behalf of Acreage Holdings or any of its subsidiaries, which such Class C-1 Membership Units shall entitle the holder to certain rights and privileges, including the right to convert such Class C-1 Membership Units to Common Units, subject to certain restrictions, qualifications and limitations, each as provided in the A&R LLC Agreement.

When the Resulting Issuer issues Subordinate Voting Shares, it may contribute all or a portion of the net proceeds to USCo in exchange for additional USCo Shares. Upon receipt of any such net proceeds from the Resulting Issuer, USCo will generally contribute such net proceeds to Acreage Holdings as a capital contribution on account of its Common Units. In the event that a new class of shares in the capital of the Resulting Issuer is created, USCo may create a corresponding new class of Acreage Holdings units that has corresponding distribution rights to such new class of the Resulting Issuer Shares and will cause Acreage Holdings to issue new units of such class to USCo. The Resulting Issuer may contribute all or a portion of the net proceeds from the issuance of any such shares to USCo and USCo, upon receipt of such proceeds, will generally contribute such net proceeds to Acreage Holdings in exchange for such Acreage Holdings units.

If the Resulting Issuer proposes to redeem, repurchase or otherwise acquire any Subordinate Voting Shares for cash, the A&R LLC Agreement requires that USCo cause Acreage Holdings to redeem a corresponding number of Common Units held by USCo at an aggregate redemption price equal to the aggregate purchase or redemption price of the Subordinate Voting Shares being repurchased or redeemed by the Resulting Issuer (plus any expenses related thereto) and upon such other terms as are the same for the redemption by the Resulting Issuer, and the A&R LLC Agreement further requires that USCo, immediately prior to such redemption, repurchase or acquisition by the Resulting Issuer, but immediately following the redemption by Acreage Holdings, to redeem a corresponding number of USCo Shares held by the Resulting Issuer at an aggregate redemption price equal to the aggregate purchase or redemption price of the Subordinate Voting Shares being repurchased or redeemed by the Resulting Issuer (plus any expenses related thereto) and upon such other terms as are the same for the redemption by the Resulting Issuer.

In the event that any change is effected in the share capital of the Resulting Issuer, Acreage Holdings shall undertake all actions requested by USCo, including a reclassification, distribution, division or recapitalization of the Common Units to maintain at all times the same ratios between the number of Subordinate Voting Shares, the number of USCo Shares and USCo2 shares, and the number of Common Units issued and outstanding immediately prior to any such reclassification, consolidation, split, dividend of securities or other recapitalization including, without limitation, also effecting a reclassification, consolidation, split, dividend of securities or other recapitalization with respect to, as applicable, the Subordinate Voting Shares and Common Units.

A holder of Common Units (other than USCo and USCo2, respectively) will have the right to cause Acreage Holdings to redeem its Common Units. If a holder of Common Units (other than USCo and USCo, respectively) exercises its exchange right, Acreage Holdings will repurchase for cancellation each such Common Unit submitted for exchange in consideration for either one Subordinate Voting Share or a cash amount equal to the cash settlement amount applicable to such Common Unit, as determined by USCo; provided that USCo shall have the right to complete such exchange directly with the redeeming holder or may assign to the Resulting Issuer its rights and obligations to effect an exchange directly with the redeeming holder.

Any holder that causes Acreage Holdings to redeem its Common Units pursuant to the terms of the A&R LLC Agreement and otherwise fails to comply with the documentation requirements of Code Section 1446, including the requirement that such holder provide to Acreage Holdings a properly completed IRS Form W-9 or satisfy another exception as permitted within Code Section 1446, prior to the effective time of any such redemption or exchange, will generally be subject to U.S. withholding tax equal to ten percent (10%) of the fair market value of the Subordinate Voting Shares or the cash, as applicable, to be delivered to such holder pursuant to such redemption or exchange.

Except as described above, the A&R LLC Agreement authorizes USCo to cause Acreage Holdings to issue additional Common Units and securities convertible or exchangeable into Common Units on any terms and conditions of offering and sale as USCo in its discretion may determine, including with respect to acquisitions by Acreage Holdings of additional assets or equity interests in corporations, partnerships, limited liability companies and other entities and with respect to executive compensation. Unless otherwise determined by USCo, no person or entity shall have preemptive, preferential or any other similar right with respect to the issuances of any interest in Acreage Holdings.

Except as permitted by the A&R LLC Agreement, no holder of Common Units may transfer any interest in such Common Units. The A&R LLC Agreement permits a transfer of Common Units pursuant to (i) the prior written approval of USCo, (ii) the exercise of exchange or redemption rights by any holder of Common Units, or (iii) certain other limited circumstances. Prior to transferring any Common Units, the transferring holder of Common Units will cause the transferee to execute a joinder to the A&R LLC Agreement and any other agreements required pursuant to the terms of the A&R LLC Agreement. Any transfer or attempted transfer of any Common Units in violation of any provision of the A&R LLC Agreement shall be void and Acreage Holdings shall not record such transfer on its books or treat any purported transferee as the owner of such Common Units for any purpose.

In no event shall any transfer of Common Units be effective to the extent such transfer could, in the reasonable determination of USCo:

- result in a violation of the United States Securities Act of 1933, as amended, or any other applicable federal, state or foreign laws;
- cause an assignment under the United States Investment Company Act of 1940, as amended;
- be a violation of or a default (or an event that, with notice or the lapse of time or both, would constitute a default) under, or result in an acceleration of any indebtedness under, any promissory note, mortgage, loan agreement, indenture or similar instrument or agreement to which Acreage Holdings or USCo is a party; provided that the payee or creditor to whom Acreage Holdings or USCo owes such obligation is not an affiliate of Acreage Holdings or USCo;
- cause Acreage Holdings to lose its status as a partnership for federal income tax purposes or, without limiting the generality of the foregoing, be effected on or through an "established securities market" or a "secondary market or the substantial equivalent thereof," as such terms are used in Section 1.7704-1 of United States Treasury Regulations;
- be a transfer to a person who is not legally competent or who has not achieved his or her majority under applicable law (excluding trusts for the benefit of minors);
- cause Acreage Holdings or any Acreage Holdings member or USCo to be treated as a fiduciary under the United States Employee Retirement Income Security Act of 1974, as amended;
- cause Acreage Holdings (as determined by USCo in its sole discretion) to be treated as a "publicly traded partnership" or to be taxed as a corporation pursuant to Section 7704 of the Code or successor provision of the Code; or
- result in Acreage Holdings having more than one hundred (100) partners, within the meaning of Treasury Regulations Section 1.7704-1(h)(1) (determined pursuant to the rules of Treasury Regulations section 1.7704-1(h)(3)) in any taxable year that is not a "restricted taxable year" (as defined in the A&R LLC Agreement).

Any holder that transfers its Common Units pursuant to the terms of the A&R LLC Agreement and otherwise fails to comply with the documentation requirements of Code Section 1446, including the requirement that such holder provide to Acreage Holdings a properly completed IRS Form W-9 or satisfy another exception as permitted within Code Section 1446, prior to the effective time of any such transfer, will generally be subject to U.S. withholding tax equal to ten percent (10%) of the fair market value of the consideration to be delivered to such holder pursuant to such redemption or exchange.

Each Acreage Holdings member who is an individual, including those persons who become Acreage Holdings members in connection with receiving any Common Units, automatically and irrevocably will appoint USCo, with full power of substitution, as that Acreage Holdings member's agent to execute and file documents or instruments required for, among other things, but subject in each case to the other provisions of the A&R LLC Agreement, the A&R LLC Agreement (or a joinder thereto), all instruments that USCo deems appropriate or necessary to reflect any amendment, change, modification or restatement of the A&R LLC Agreement, all conveyances and other instruments or documents which USCo deems appropriate or necessary to reflect the dissolution or liquidation of Acreage Holdings pursuant to the terms of the A&R LLC Agreement, all instruments relating to the admission, withdrawal or substitution of an Acreage Holdings member pursuant to the terms of the A&R LLC Agreement, and any other ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the reasonable judgment of USCo, to evidence, confirm or ratify any vote, consent, approval, agreement, or other action made or given by the Acreage Holdings members in accordance with the terms of the A&R LLC Agreement.

Following the issuance of the Common Units to the Acreage Holdings members pursuant to the adoption of the A&R LLC Agreement, the Acreage Holdings members will not be required to make further contributions to Acreage Holdings.

Neither Acreage Holdings nor USCo is liable for the return of any capital contribution made by an Acreage Holdings member to Acreage Holdings.

Subject to the provisions of the DLLCA and of similar legislation in other jurisdictions of the United States and the A&R LLC Agreement: (i) the liability of each Acreage Holdings member for the debts, liabilities and obligations of Acreage Holdings will be limited to the Acreage Holdings member's capital contribution, plus the Acreage Holdings member's share of any undistributed income of Acreage Holdings; and (ii) following payment of an Acreage Holdings member's capital contribution, such Acreage Holdings member may be required to return amounts previously distributed to such Acreage Holdings member in accordance with the DLLCA and the laws of the State of Delaware.

The A&R LLC Agreement states that an Acreage Holdings member (in its capacity as an Acreage Holdings member) does not have the authority or power to do any of the following:

- act for or on behalf of Acreage Holdings;
- to do any act that would be binding upon Acreage Holdings;
- make any expenditure on behalf of Acreage Holdings;
- seek or obtain partition by court decree or operation of law of any Acreage Holdings property; or
- own or use particular or individual assets of Acreage Holdings.

The A&R LLC Agreement provides that Acreage Holdings will indemnify each Acreage Holdings member for all liabilities incurred by the Acreage Holdings member that arise solely by reason of such Acreage Holdings member being a member of Acreage Holdings.

Subject to the provisions set forth in the A&R LLC Agreement, USCo will cause distributions to be made by Acreage Holdings as follows: (i) "distributable cash" (as defined in the A&R LLC Agreement) or other funds or property legally available to the extent permitted by the DLLCA and applicable law, to the Acreage Holdings members pro rata to each Acreage Holdings member's proportionate ownership interest in Acreage Holdings in amounts on terms as USCo will determine, and (ii) not less than five business days prior to the due date of a U.S. federal income tax return for an individual calendar year taxpayer, cash in an amount equal to the excess of each Acreage Holdings member's "assumed tax liability" (as defined in the A&R LLC Agreement) over distributions previously made to such Acreage Holdings member with respect to each such taxable period.

In no case will Acreage Holdings be required to make a distribution if such distribution would violate the DLLCA or any other applicable law.

The A&R LLC Agreement may be amended or modified by USCo as determined to be necessary or advisable, in the sole discretion of USCo, in connection with the adoption, implementation, modification or termination of certain equity plans by the Resulting Issuer. Subject to the right of USCo to amend the A&R LLC Agreement in connection with the adoption, implementation, modification or termination of certain equity plans by the Resulting Issuer, unless otherwise specified in the A&R LLC Agreement that a specific amendment requires the approval or action of certain persons, the A&R LLC Agreement may only be amended with the consent of USCo and Acreage Holdings members holding a majority of the outstanding Common Units.

USCo shall have the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of Acreage Holdings (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by Acreage Holdings) or the merger, consolidation, reorganization or other combination of Acreage Holdings with or into another entity.

The Acreage Holdings Members intend that Acreage Holdings be treated as a partnership for U.S. federal and, if applicable, state or local income tax purposes. Each Acreage Holdings Member and Acreage Holdings will file all tax returns and will otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

Acreage Holdings will dissolve, and its affairs will be wound up, upon the occurrence of any of the following events:

- the decision of USCo together with the holders of a majority of the then-outstanding Common Units entitled to vote to dissolve Acreage Holdings;
- a dissolution of Acreage Holdings under the DLLCA; or
- the entry of a decree of judicial dissolution of Acreage Holdings under the DLLCA.

Except as otherwise provided in the A&R LLC Agreement, Acreage Holdings is intended to have perpetual existence. The withdrawal of an Acreage Holdings member shall not cause a dissolution of Acreage Holdings and Acreage Holdings shall continue in existence subject to the terms and conditions of the A&R LLC Agreement.

Upon dissolution of Acreage Holdings, the procedure is as follows:

- the liquidators shall cause a proper accounting to be made by a recognized firm of certified public accountants of Acreage Holdings' assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;
- the liquidators shall cause the notice described in the DLLCA to be mailed to each known creditor of and claimant against Acreage Holdings in the manner described thereunder;
- the liquidators shall pay, satisfy or discharge from Acreage Holdings funds, or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash fund for contingent liabilities in such amount and for such term as the liquidators may reasonably determine): first, all expenses incurred in liquidation; and second, all of the debts, liabilities and obligations of Acreage Holdings; and
- all remaining assets of Acreage Holdings shall be distributed to the Acreage Holdings members in accordance with the terms of the A&R LLC Agreement by the end of the taxable year during which the liquidation of Acreage Holdings occurs (or, if later, by ninety (90) days after the date of the liquidation), which shall constitute a complete return to the Acreage Holdings members of their capital contributions to Acreage Holdings, a complete distribution to the Acreage Holdings members of their interest in Acreage Holdings and all of Acreage Holdings' property. To the extent that an Acreage Holdings member returns funds to Acreage Holdings, it has no claim against any other Acreage Holdings member for those funds.

USCo may resign as the sole manager of Acreage Holdings at any time by giving written notice to the Acreage Holdings Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Acreage Holdings Members, and the acceptance of the resignation shall not be necessary to make it effective. The Acreage Holdings Members have no right under the A&R LLC Agreement to remove or replace USCo as the sole manager of Acreage Holdings. Vacancies in the position of manager occurring for any reason will be filled by USCo (or, if USCo has ceased to exist without any success or assign, then by the holders of a majority in interest of the voting capital stock of USCo immediately prior to such cessation).

Under the A&R LLC Agreement, in most circumstances, Acreage Holdings will indemnify and hold harmless any person to the fullest extent permitted under the DLLCA, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits Acreage Holdings to provide broader indemnification rights than Acreage Holdings is providing immediately prior to such amendment, substitution or replacement), against all expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties) reasonably incurred or suffered by such person (or one or more of such person's affiliates) by reason of the fact that such person is or was an Acreage Holdings member or is or was serving at the request of Acreage Holdings as the manager, an officer, an employee or another agent of Acreage Holdings or is or was serving at the request of Acreage Holdings as a manager, member, employee or agent of another limited-liability company, corporation, partnership, joint venture, trust or other enterprise; provided, however, that no such person shall be indemnified for actions against Acreage Holdings, the Manager or Managers or any other Acreage Holdings members, or which are not made in good faith and not or in a manner which he or she reasonably believed to be in or not opposed to the best interests of Acreage Holdings, or, with respect to any criminal action or proceeding other than by or in the right of Acreage Holdings, had reasonable cause to believe the conduct was unlawful, or for any present or future breaches of any representations, warranties or covenants by such person or its affiliates as provided in the A&R LLC Agreement or other agreements to which Acreage Holdings is a party.

Expenses, including attorneys' fees, incurred by any such person in defending a proceeding, shall be paid by Acreage Holdings as they are incurred and in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of such person to repay such amount if it is ultimately determined by a court of competent jurisdiction that such person is not entitled to be indemnified by Acreage Holdings.

Acreage Holdings will maintain directors' and officers' liability insurance, or make other financial arrangements, at its expense, to protect any person indemnified pursuant to the A&R LLC Agreement against certain expenses, liabilities or losses described in the A&R LLC Agreement whether or not Acreage Holdings would otherwise have the power to indemnify such person against such expenses, liabilities or losses under the provisions of the A&R LLC Agreement. Acreage Holdings shall use its commercially reasonable efforts to purchase directors' and officers' liability insurance (including employment practices coverage) with a carrier and in an amount determined necessary or desirable as determined in good faith by USCo.

Acreage Holdings shall keep, or cause to be kept, appropriate books and records with respect to Acreage Holdings' business, including all books and records necessary to provide any information, lists and copies of documents required to be provided to each person who was an Acreage Holdings member during each fiscal year of Acreage Holdings as is reasonably necessary for the preparation of such person's U.S. federal and applicable state income tax returns.

All decisions to make or refrain from making any tax elections will be determined by USCo. USCo is authorized to represent Acreage Holdings, at Acreage Holdings' expense, in connection with all examinations of Acreage Holdings' affairs by tax authorities, including resulting administrative and judicial proceedings. Each Acreage Holdings member agrees to cooperate with USCo and to do or refrain from doing any or all things with regard to all things reasonably required by USCo to conduct such proceedings. USCo shall keep all Acreage Holdings members fully advised on a current basis of any contacts by or discussions with the tax authorities, and the Acreage Holdings members shall have the right to observe and participate through representatives of their own choosing (at their sole expense) in any tax proceedings.

Tax Receivable Agreement

In connection with the RTO, USCo will enter into a tax receivable agreement with Acreage Holdings and the Founder, certain executive employees and profit interests holders (the "**Tax Receivable Agreement**"). USCo expects to obtain an increase in its share of the tax basis of the assets of Acreage Holdings when an Acreage Holdings member receives cash or Subordinate Voting Shares in connection with a redemption or exchange of such Acreage Holdings Member's Common Units or profit interests in Acreage Holdings for Subordinate Voting Shares or cash (such basis increase, the "**Basis Adjustments**").

The Tax Receivable Agreement provides for the payment by USCo to Acreage Holdings Members of 65% of the amount of tax benefits, if any, that USCo actually realizes, or in some circumstances is deemed to realize, as a result of the redemption and exchange transactions described above, including increases in the tax basis of the assets of Acreage Holdings arising from such transactions, tax basis increases attributable to payments made under the Tax Receivable Agreement and deductions attributable to imputed interest and other payments of interest pursuant to the Tax Receivable Agreement. USCo expects to benefit from 15% of tax benefits, if any, that USCo may actually realize, with the remaining 20% paid to the Tax Receivable Bonus Plan, the material terms of which are summarized below.

The actual Basis Adjustments, as well as any amounts paid to the Acreage Holdings Members under the Tax Receivable Agreement, will vary depending on a number of factors, including:

- the timing of any subsequent redemptions or exchanges - for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of USCo at the time of each redemption or exchange;

- the price of Subordinate Voting Shares at the time of redemptions or exchanges - the Basis Adjustments, as well as any related increase in any tax deductions, is directly related to the price of Subordinate Voting Shares at the time of each redemption or exchange;

- the extent to which such redemptions or exchanges are taxable - if a redemption or exchange is not taxable for any reason, increased tax deductions will not be available; and

- the amount and timing of USCo income - the Tax Receivable Agreement generally will require USCo to pay 65% of the tax benefits as and when those benefits are treated as realized under the terms of the Tax Receivable Agreement. If USCo does not have taxable income, it generally will not be required (absent a change of control or other circumstances requiring an early termination payment) to make payments under the Tax Receivable Agreement for that taxable year because no tax benefits will have been actually realized. However, any tax benefits that do not result in realized tax benefits in a given taxable year will likely generate tax attributes that may be utilized to generate tax benefits in previous or future taxable years. The utilization of any such tax attributes will result in payments under the Tax Receivable Agreement.

The Tax Receivable Agreement will provide that if: (i) USCo materially breaches any of its material obligations under the Tax Receivable Agreement; (ii) certain mergers, asset sales, other forms of business combination, or other changes of control were to occur; or (iii) USCo elects an early termination of the Tax Receivable Agreement, then USCo's obligations, or its successor's obligations, under the Tax Receivable Agreement would accelerate and become due and payable, based on certain assumptions, including an assumption that USCo would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. As a result: (i) USCo could be required to make cash payments that are greater than the specified percentage of the actual benefits it ultimately realizes in respect of the tax benefits that are subject to the Tax Receivable Agreement; and (ii) if USCo elects to terminate it will be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits.

Acreage Holdings intends to treat such acquisition of Acreage Holdings Units as a direct purchase by Acreage Holdings of Acreage Holdings Units from an Acreage Holdings member for U.S. federal income and other applicable tax purposes, regardless of whether such Acreage Holdings Units surrendered by an Acreage Holdings member to Acreage Holdings, USCo or the Resulting Issuer upon the exercise by USCo of its election to acquire such Acreage Holdings Units directly or the exercise by USCo to assign its rights to acquire such Acreage Holdings Units directly to the Resulting Issuer. Basis Adjustments may have the effect of reducing the amounts that USCo may otherwise owe in the future to various tax authorities.

In its capacity as the sole manager of the Acreage Holdings, USCo will ensure that Acreage Holdings will have in effect an election under Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law) for each taxable year in which a redemption or exchange of Acreage Holding Units for Subordinate Voting Shares or cash occurs.

To the extent any Acreage Holdings member sells, exchanges, distributes, or otherwise transfers Acreage Holdings Units to any person, the Acreage Holdings member shall have the option to assign to the transferee of such Acreage Holdings Units its rights under the Tax Receivable Agreement with respect to such transferred Acreage Holdings Units. If an Acreage Holdings member transfers Acreage Holdings Units but does not assign to the transferee of such Acreage Holdings Units its rights under the Tax Receivable Agreement with respect to such transferred Acreage Holdings Units, such Acreage Holdings member shall continue to be entitled to receive the tax benefit payments arising in respect of a subsequent exchange of such Acreage Holding Units for Subordinate Voting Shares.

The payment obligations under the Tax Receivable Agreement are obligations of USCo and not of the Resulting Issuer or Acreage Holdings. The actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary. Any payments made by USCo to Acreage Holdings members under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to USCo (or to the Resulting Issuer or Acreage Holding) and, to the extent that USCo is unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by USCo.

Within 75 calendar days after the filing of the U.S. federal income tax return of USCo (or, if USCo becomes a member of an affiliated or consolidated group of corporations that files a consolidated U.S. federal income tax return pursuant to Section 1501 of the Code or any provision of U.S. state or local law, then such consolidated U.S. federal income tax return) for any taxable year in which there is a taxable benefit or detriment is realized, USCo shall provide to the Acreage Holdings member a schedule showing, in reasonable detail, the calculation of the realized tax benefit or detriment, as applicable, for such taxable year (the "**Tax Benefit Schedule**"). Within three business days following the date on which each Tax Benefit Schedule becomes final in accordance with the terms of the Tax Receivable Agreement, USCo shall pay to each relevant Acreage Holdings member the tax benefit payment as determined, as applicable. Any late payments that may be made under the Tax Receivable Agreement will continue to accrue interest until such payments are made, including any late payments that USCo may subsequently make because USCo did not have enough available cash to satisfy its payment obligations at the time at which they originally arose.

Tax Receivable Bonus Plan

In connection with the Tax Receivable Agreement, USCo established a tax receivable bonus plan (the "**Tax Receivable Bonus Plan**"). The principal features of the Tax Receivable Bonus Plan are summarized below.

Eligibility and Participation

Participants in the Tax Receivable Bonus Plan shall only include each individual who is classified as a member of the senior executive team of the Resulting Issuer and its affiliated entities, as identified therein (each, a "**Tax Receivable Bonus Plan Participant**"). A Tax Receivable Bonus Plan Participant who is terminated for cause from the Resulting Issuer or any of its affiliated entities shall be automatically precluded from any participation in the Tax Receivable Bonus Plan. Further, additional Tax Receivable Bonus Participants may not be added to the Tax Receivable Bonus Plan.

Participants must remain members of Acreage Holdings on the date on which a payment is made in order to receive a payout from the Tax Receivable Bonus Plan, unless granted an exception. Payments may be recommended to and approved in the case of death, disability, retirement, or transfer during the Tax Receivable Bonus Plan year. Any such payment, if made, shall be made on the same date as all other payments of the Tax Receivable Bonus Plan.

Bonus Pool

The "Total Bonus Pool" available for distribution each year under the Tax Receivable Bonus Plan shall be equal to 20% of the realized tax benefit for that year to USCo under that Tax Receivable Agreement.

Prior to distribution, the Total Bonus Pool shall be divided between all eligible Tax Receivable Bonus Plan Participants for the relevant year. No individual Tax Receivable Bonus Plan Participant is guaranteed any payment under the Tax Receivable Bonus Plan, regardless of his classification as a Tax Receivable Bonus Plan Participant for any given year. Total payments to all Tax Receivable Bonus Plan Participants under the Tax Receivable Bonus Plan any given year shall equal the Total Bonus Pool for that year.

Distribution

Payments to Tax Receivable Bonus Plan Participants under the Tax Receivable Bonus Plan shall be made in a single lump sum as soon as reasonably possible after USCo has determined the amount of the realized tax benefit for a given year but in all cases no later than December 1st of the year in which USCo's filing which results in the realized tax benefit is due without regard to extensions. A Tax Receivable Bonus Plan Participant must be an employee of USCo, an affiliate, or a subsidiary thereof as of the date on which the payment is actually made in order to receive a payment, subject to certain exemptions. In the event a Tax Receivable Bonus Plan Participant terminates employment after his or her bonus is determined, but prior to distribution, such payment shall be forfeited and retained by USCo or redistributed to eligible Tax Receivable Bonus Plan Participants.

Change in Control

Upon a Change of Control (as defined herein), a final distribution (the "**Final Distribution**") under the Tax Receivable Bonus Plan shall be made. The Final Distribution shall be in place of, not in addition to, any other distribution for such year. The Total Bonus Pool for distribution for the year in which the Change in Control occurs shall be equal to the realized tax benefit for such year. For purposes of this paragraph, a "Change in Control" shall only occur upon: (i) a change in the ownership or effective control of USCo, or a change in the ownership of a substantial portion of the assets of USCo as described in Treasury Regulations Section 1.409A-3(i)(5) and (ii) the termination of the Tax Receivable Agreement according to its terms within the same taxable year as the event described in subparagraph (i).

Tax Withholding

USCo shall have the authority to withhold amounts necessary for payment of any taxes.

Description of Capital of Acreage Holdings

Following completion of the RTO, holders of Class B Membership Units, with respect to a portion of such Class B Membership Units, and holders of Class C Membership Units and Class C-1 Membership Units shall retain their interest in Acreage Holdings and be granted redemption and exchange rights by the Resulting Issuer to permit the future redemption or exchange of the units they hold for Subordinate Voting Shares or cash pursuant to the Acreage Support Agreement (as defined herein).

A summary of the material provisions set forth in the Acreage Support Agreement is outlined below.

Acreage Support Agreement

The Resulting Issuer, USCo and Acreage Holdings will enter into the Acreage Support Agreement, pursuant to which the Resulting Issuer will agree that, so long as any Acreage Holdings Units which are redeemable or exchangeable for Subordinate Voting Shares and not owned by USCo or USCo2 are outstanding, the Resulting Issuer shall:

- take all such actions and do all such things as are reasonably necessary or desirable to enable and permit the Resulting Issuer, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption or exchange of Acreage Holdings Units by a holder thereof upon a redemption or exchange of such Acreage Holdings Units by the Resulting Issuer and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit the Resulting Issuer to cause to be delivered Subordinate Voting Shares and/or amounts in cash, as applicable, to the holders of Acreage Holdings Units in accordance with the provisions of the A&R LLC Agreement, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Acreage Holdings Units (if any); and

- take all such actions and do all such things as are reasonably necessary or desirable to enable and permit USCo, if it elects to effect a redemption or exchange of the Acreage Holdings Units directly with the holder thereof, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption or exchange of the Acreage Holdings Units by a holder thereof.

The Acreage Support Agreement will provide that in the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Subordinate Voting Shares is proposed by the Resulting Issuer or is proposed to the Resulting Issuer or its shareholders and is recommended to the Resulting Issuer Board, or is otherwise effected or to be effected with the consent or approval of the Resulting Issuer Board, and the Acreage Holdings Units are not redeemed by USCo or purchased by USCo or the Resulting Issuer pursuant to the terms of the A&R LLC Agreement, the Resulting Issuer will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Acreage Holdings Units (other than USCo or USCo2) to participate in such offer to the same extent and on an economically equivalent basis as the holders of Subordinate Voting Shares, without discrimination. Without limiting the generality of the foregoing, the Resulting Issuer will use its reasonable efforts in good faith to ensure that holders of Acreage Holdings Units may participate in each such offer.

The Acreage Support Agreement will provide that while any Acreage Holdings Units (or other rights pursuant to which Acreage Holdings Units may be acquired upon the exercise thereof) which are redeemable or exchangeable for Subordinate Voting Shares, other than Acreage Holdings Units held by USCo or USCo2 are outstanding, the Resulting Issuer will make available such number of Subordinate Voting Shares (or other shares or securities into which Subordinate Voting Shares may be reclassified or changed) without duplication sufficient to satisfy the issuance of Subordinate Voting Shares upon redemption of all currently outstanding Acreage Holdings Units or such Acreage Holdings Units which may be issuable upon the exercise of all rights to acquire such Acreage Holdings Units, in addition to any additional Subordinate Voting Shares as may be required to enable and permit the Resulting Issuer to meet its obligations under the A&R LLC Agreement, the Tax Receivable Agreement and under any other security or commitment pursuant to which the Resulting Issuer may be required to deliver Subordinate Voting Shares to any person.

Description of Capital of USCo2

The authorized share capital of USCo2 consists of 1,000,000,000 Class A Voting Common Shares and 1,000,000,000 Class B Non-Voting Common Shares.

Holders of Class A Voting Common Shares are entitled to receive notice of, attend and vote at meetings of the securityholders of USCo2 (other than meetings at which only holders of another class or series of shares are entitled to vote separately as a class or series). Each Class A Voting Common Share entitles the holder thereof to one vote on all matters upon which holders of Class A Voting Common Shares are entitled to vote.

Class B Non-Voting Common Shares do not entitle the holders thereof to receive notice of, attend or vote at meetings of the securityholders. A holder of Class B Non-Voting Common Shares (other than Acreage Holdings) has the right to cause USCo2 to redeem its Class B Non-Voting Common Shares. If a holder of Class B Non-Voting Common Shares (other than Acreage Holdings) exercises its redemption or exchange right, USCo2 will repurchase for cancellation each such Class B Non-Voting Common Share submitted for redemption or exchange in consideration for either one Subordinate Voting Share or a cash amount equal to the cash settlement amount applicable to such Class B Non-Voting Common Shares, as determined by USCo2; provided that USCo2 may assign to Acreage Holdings its rights and obligations to effect a redemption or exchange directly with the redeeming holder.

USCo2 Support Agreement

The Resulting Issuer and USCo2 will enter into a USCo2 Support Agreement (the "**USCo2 Support Agreement**"), pursuant to which the Resulting Issuer will agree that, so long as any shares of USCo2 which are redeemable or exchangeable for Subordinate Voting Shares and not owned by the Resulting Issuer are outstanding, the Resulting Issuer shall:

- take all such actions and do all such things as are reasonably necessary or desirable to enable and permit the Resulting Issuer, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption or exchange of USCo2 shares by a holder thereof upon a redemption or exchange of such USCo2 shares by the Resulting Issuer and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit the Resulting Issuer to cause to be delivered Subordinate Voting Shares and/or amounts in cash, as applicable, to the holders of USCo2 shares in accordance with the provisions of USCo2's Articles of Incorporation, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such USCo2 shares (if any); and

- take all such actions and do all such things as are reasonably necessary or desirable to enable and permit USCo2, if it elects to effect a redemption or exchange of USCo2 shares directly with the holder thereof, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of a redemption or exchange of USCo2 shares by a holder thereof.

The USCo2 Support Agreement will provide that in the event that a share exchange offer, issuer bid, take-over bid or similar transaction with respect to Subordinate Voting Shares is proposed by the Resulting Issuer or is proposed to the Resulting Issuer or its shareholders and is recommended to the Resulting Issuer Board, or is otherwise effected or to be effected with the consent or approval of the Resulting Issuer Board, and the USCo2 shares are not redeemed by USCo2 or purchased by USCo2 or the Resulting Issuer pursuant to the terms of the USCo2 Articles of Incorporation, the Resulting Issuer will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of USCo2 shares (other than the Resulting Issuer) to participate in such offer to the same extent and on an economically equivalent basis as the holders of Subordinate Voting Shares, without discrimination. Without limiting the generality of the foregoing, the Resulting Issuer will use its reasonable efforts in good faith to ensure that holders of USCo2 shares may participate in each such offer.

The USCo2 Support Agreement will provide that while any USCo2 shares (or other rights pursuant to which USCo2 shares may be acquired upon the exercise thereof) which are redeemable or exchangeable for Subordinate Voting Shares, other than USCo2 shares held by the Resulting Issuer, are outstanding, the Resulting Issuer will make available such number of Subordinate Voting Shares (or other shares or securities into which Subordinate Voting Shares may be reclassified or changed) without duplication sufficient to satisfy the issuance of Subordinate Voting Shared upon redemption of all currently outstanding USCo2 shares or such USCo2 shares which may be issuable upon the exercise of all rights to acquire such shares, in addition to any additional Subordinate Voting Shares as may be required to enable and permit the Resulting Issuer to meet its obligations under any security or commitment pursuant to which the Resulting Issuer may be required to deliver Subordinate Voting Shares to any person.

10.2 - 10.6 Miscellaneous Securities Provisions

See Section 10.1 above.

10.7 Prior Sales

In the 12 months preceding the date of this Listing Statement, Pubco has issued the following securities of Pubco:

Date of Issue	Security Type	Description of Consideration	Number of Securities	Price Per Security (C$)
10/5/2018	Class A Subordinate Voting Shares	Cash	750,000	$ 0.05
10/15/2018	Class A Subordinate Voting Shares	Cash	2,300,000	$ 0.06
10/15/2018	Class A Subordinate Voting Shares	Conversion of outstanding debenture in the principal amount of C$115,000	2,300,000	$ 0.05

In the 12 months preceding the date of this Listing Statement, Acreage Holdings has issued the following securities of Acreage Holdings:

Date of Issue	Security Type	Description of Consideration	Number of Units	Price Per Unit ($)
11/15/2017	Convertible Notes	Cash	6,473,521[1]	$ 4.83
12/28/2017	Profit Interests	Service Grant	3,250,000[2]	$ 0.47
3/15/2018	Profit Interests	Service Grant	3,838,000[2]	$ 0.43
5/4/2018	Class D Units	Purchase of SSBP	291,157	$ 6.20
5/16/2018	Class D Units	Purchase of MMRC	96,997	$ 6.20
5/18/2018	Class D Units	Cash	5,079	$ 6.20
5/25/2018	Class D Units	Purchase of WPMC	1,806,451	$ 6.20
5/31/2018	Class D Units	Purchase of CCC-CT	500,000	$ 6.20
6/20/2018	Class D Units	Purchase of Cannabliss	40,322	$ 6.20
6/24/2018	Class D Units	Purchase of Impire	403,266	$ 6.20
7/1/2018	Class D Units	Purchase of PCG	3,394,466	$ 6.20
7/2/2018	Class D Units	Management Contract with GL Apothecaries	671,371	$ 6.20
7/3/2018	Class D Units	Purchase of PATCC	2,413,568	$ 6.20
7/3/2018	Class D Units	Purchase of MA-RMD	161,290	$ 6.20
7/18/2018	Class D Units	Professional Services	14,113	$ 6.20
8/2/2018	Class E Units	Cash	19,352,143	$ 6.20
8/6/2018	Class D Units	Professional Services	241,935	$ 6.20
8/7/2018	Class D Units	Professional Services	13,440	$ 6.20
8/15/2018	Class D Units	Professional Services	45,309	$ 6.20
8/15/2018	Class D Units	Purchase of NYCANNA	3,479,820	$ 6.20
8/16/2018	Class D Units	Management Contract with GL Therapeutics	214,839	$ 6.20
8/31/2018	Class D Units	Professional Services	7,225	$ 6.20
8/31/2018	Class D Units	Purchase of WPMC	100,806	$ 6.20
9/13/2018	Class D Units	Purchase of PWCT	1,148,630	$ 6.20
9/19/2018	Class D Units	Purchase of WPMC	96,774	$ 6.20
9/21/2018	Class D Units	Professional Services	6,612	$ 6.20
9/21/2018	Class D Units	Professional Services	3,225	$ 6.20
9/21/2018	Class D Units	Professional Services	4,556	$ 6.20
9/21/2018	Class D Units	Professional Services	9,036	$ 6.20
9/21/2018	Class D Units	Professional Services	4,435	$ 6.20

Date of Issue	Security Type	Description of Consideration	Number of Units	Price Per Unit ($)
9/21/2018	Class D Units	Professional Services	82,233	$ 6.20
9/21/2018	Class D Units	Professional Services	52,436	$ 6.20
9/28/2018	Class D Units	Professional Services	161,290	$ 6.20
9/28/2018	Class D Units	Professional Services	161,290	$ 6.20
9/28/2018	Class D Units	Professional Services	161,290	$ 6.20
9/28/2018	Class D Units	Professional Services	161,290	$ 6.20
10/15/2018	Class D Units	Professional Services	8,065	$ 6.20
10/31/2018	Class D Units	Purchase of WPMC	40,322	$ 6.20
10/31/2018	Class D Units	Purchase of WPMC	40,322	$ 6.20

Notes:
(1) Price per unit represents conversion rate for the Acreage Holdings Note.
(2) Price per unit represents grant date fair market value of profit interests awards issued for services.

10.8 Stock Exchange Price

Not applicable.

11. ESCROWED SECURITIES

The securities of the Resulting Issuer will not be subject to escrow. Each holder of Acreage Holdings Units (including holders of Acreage Holdings Units received upon the conversion of Acreage Holdings Notes) immediately prior to the completion of the RTO and each director and officer of the Resulting Issuer, entered into lock-up agreements (each, a "**Lock Up**") pursuant to which such parties have agreed, subject to customary carve-outs and exceptions, to certain restrictions on the resale of their Resulting Issuer Shares. Such Lock Up will limit the percentage of each such holder's Resulting Issuer Shares that such holder may sell as set forth in the table immediately below.

Months Following the Closing of the RTO	Maximum Percentage of Resulting Issuer Shares Held on Closing of the RTO that May be Sold (cumulative)
0-2	Nil
2-4	5%
4-6	15%
6+	100%

For the avoidance of doubt, Subordinate Voting Shares acquired in the Finco SR Financing or in the open market by any such holder after completion of the RTO will not be subject to the Lock Up.

12. PRINCIPAL SHAREHOLDERS

Following the completion of the RTO, to the best of the knowledge of the Resulting Issuer, except as set out below, no person will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer:

Name, Jurisdiction of Residence	Number of Shares (1)(2)(3)	Class of Shares	Method of Ownership	Percentage of Class (1)(2)(3)	Percentage of Voting Rights of the Resulting Issuer Shares
Kevin Murphy (New York, United States)	168,000	Multiple Voting Shares	Record and Beneficially	100%	86.4%
	113,102(4)	Proportionate Voting Shares	Beneficial	7.8%	0.8%

Notes:
(1) The information as to shares beneficially owned or over which such person exercises control or direction has been furnished by the principal shareholder.
(2) On an issued and undiluted basis, not giving effect to the exercise of the Awards or Resulting Issuer Warrants held by such person, as applicable.
(3) Assumes redemption of all Acreage Holdings Units held by such principal holder following completion of the RTO.
(4) 16,250 of the Proportionate Voting Shares are registered in the name of Murphy Capital, LLC, an entity over which Mr. Murphy exercises direction or control, and 96,852 Proportionate Voting Shares are registered in the name of The Kevin Murphy 2018 Annuity Trust.

13. DIRECTORS AND OFFICERS

13.1 Directors and Executive Officers

The following table sets forth the names of all proposed directors and officers of the Resulting Issuer, their municipalities of residence, their proposed positions with the Resulting Issuer, their principal occupations during the past five years, the number and percentage of Resulting Issuer Shares expected to be beneficially owned, directly or indirectly, or over which control or direction will be exercised following completion of the RTO, and, if such person was an existing director or officer of Acreage Holdings prior to the RTO, the date on which such person became a director or officer, as applicable. The Resulting Issuer's proposed directors were elected as such at the Pubco Meeting or will be appointed by the Board following completion of the RTO and are expected to hold office until its next annual general meeting of shareholders unless they resign prior thereto or are removed by the shareholders of the Resulting Issuer. The Resulting Issuer's directors will be elected annually and, unless re-elected, will retire from office at the end of the next annual general meeting of shareholders.

Name, Municipality of Residence (1)	Proposed Position with the Resulting Issuer	Acreage Holdings Director or Officer Since	Principal Occupation for the Past Five Years	Number (2), Class and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled after the RTO (3)	Number (2) and Percentage of Subordinate Voting Shares Beneficially Owned or Controlled after the RTO on a Fully Diluted Basis (6)
John Boehner (5) *Marco Island, Florida*	Director	N/A	Former Speaker of the U.S. House of Representatives	-	625,000 (0.54%)
William F. Weld (5) *Canton, Massachusetts*	Director	N/A	Former Governor of Massachusetts	-	625,000 (0.54%)

Name, Municipality of Residence [1]	Proposed Position with the Resulting Issuer	Acreage Holdings Director or Officer Since	Principal Occupation for the Past Five Years	Number [2], Class and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled after the RTO [3]	Number [2] and Percentage of Subordinate Voting Shares Beneficially Owned or Controlled after the RTO on a Fully Diluted Basis [6]
Kevin P. Murphy [4][5][8] *New York, New York*	Director & Chief Executive Officer	April 2014	Chief Executive Officer, Acreage Holdings	168,000 Multiple Voting Shares (100.00%) 113,102 Proportionate Voting Shares (7.80%)	21,189,988 (18.44%)
Larissa L. Herda [5] *Castle Rock, Colorado*	Director	N/A	Consultant	-	160,000 (0.14%)
Douglas Maine [4] *Bedford Corners, New York*	Lead Independent Director	N/A	Director of Ablemarle Corporation	-	160,000 (0.14%)
Brian Mulroney[5] *Montreal, Quebec*	Director	N/A	Senior Partner and Consultant, Norton Rose Fulbright	-	280,000 (0.24%)
William C. Van Faasen[4] *Boston, Massachusetts*	Director	N/A	Chair Emeritus of Blue Cross Shield of Massachusetts; Chair of the Board of Directors of Blue Cross Shield of Massachusetts	-	160,000 (0.14%)
George Allen *Clinton Corners, New York*	President	September 2017	President, Acreage Holdings	-	2,300,000 (2.00%)
Glen Leibowitz *New York, New York*	Chief Financial Officer	March 2018	Chief Financial Officer, Acreage Holdings	-	615,000 (0.54%)
Robert Daino *Manlius, New York*	Chief Operating Officer	August 2018	Chief Operating Officer, Acreage Holdings	-	840,000 (0.73%)
James A. Doherty *Scranton, Pennsylvania*	General Counsel & Secretary	October 2017	General Counsel, Acreage Holdings	-	585,900 (0.51%)

Name, Municipality of Residence [1]	Proposed Position with the Resulting Issuer	Acreage Holdings Director or Officer Since	Principal Occupation for the Past Five Years	Number [2], Class and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled after the RTO [3]	Number [2] and Percentage of Subordinate Voting Shares Beneficially Owned or Controlled after the RTO on a Fully Diluted Basis [6]
Harris Damashek *Greenwich, Connecticut*	Chief Marketing Officer	November 2017	Chief Marketing Officer, Acreage Holdings	1,209 Proportionate Voting Shares (0.08%)	488,387 (0.43%)

Notes:
(1) The information as to municipality of residence and principal occupation has been furnished by the respective proposed directors and officers of the Resulting Issuer individually.
(2) The information as to shares beneficially owned or over which a proposed directors and officers of the Resulting Issuer exercises control or direction has been furnished by the respective directors and officers individually.
(3) On an issued and undiluted basis, not giving effect to the exercise of the Awards or Resulting Issuer Warrants held by such person, as applicable.
(4) Proposed member of the Audit Committee.
(5) Proposed member of the Compensation and Corporate Governance Committee.
(6) Assumes redemption of all Acreage Holdings Units held by the directors or officers, as applicable, from time to time following completion of the RTO and exercise of all outstanding options and other convertible securities of the Resulting Issuer.
(7) Reflects gross proceeds under the Finco SR Financing of $314,153,600 and a SR Offering Price of $25.00 per Finco Subscription Receipt.
(8) 16,250 of the Proportionate Voting Shares are registered in the name of Murphy Capital, LLC, an entity over which Mr. Murphy exercises direction or control, and 96,852 Proportionate Voting Shares are registered in the name of The Kevin Murphy 2018 Annuity Trust.

Upon completion of the RTO, it is anticipated that all directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, the following shares of the Resulting Issuer: (i) nil Subordinate Voting Shares on an undiluted basis; (ii) 114,311 Proportionate Voting Shares or approximately 7.91% on an undiluted basis; and (iii) 168,000 of the Multiple Voting Shares or approximately 100% on an undiluted basis.

Under NI 52-110, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Resulting Issuer Board, be reasonably expected to interfere with such director's exercise of independent judgment. All of the directors of the Resulting Issuer are considered independent other than Mr. Murphy, given that Mr. Murphy will be the Chief Executive of the Resulting Issuer and each of Mr. Boehner and Mr. Weld, given they have each received more than $75,000 in direct compensation from Acreage Holdings for advisory services and related matters.

The following are brief biographies of the Resulting Issuer's proposed executive officers and directors:

John A. Boehner, Proposed Director (age 68): John A. Boehner is a former Speaker of the U.S. House of Representatives. Mr. Boehner served in the U.S. House of Representatives from 1991 to October 2015 and served as Speaker of the U.S. House of Representatives from January 2011 to October 2015. Prior to entering public service, Speaker Boehner spent years running a small business representing manufacturers in the packaging and plastics industry. He championed a number of major reform projects as a Member of Congress. During his nearly five years as Speaker, Mr. Boehner developed a reputation for bringing Republicans and Democrats together in support of major policy initiatives.

William F. Weld, Proposed Director (age 73): William F. Weld served as Governor of Massachusetts from January 1991 to July 1997. Mr. Weld was the Vice Presidential nominee for the Libertarian Party during the 2016 U.S. Presidential campaign. Prior to serving as governor of Massachusetts, Mr. Weld served as the U.S. Attorney for Massachusetts from 1981 until 1986, when he was appointed by President Reagan to lead the Criminal Division of the Department of Justice in Washington, D.C., where he served until 1988. Prior to his service as a U.S. Attorney, Mr. Weld served as a staff member of the U.S. House of Representatives (during which time he participated in the Nixon impeachment proceedings) and the U.S. Senate. Governor Weld is a member of the Council on Foreign Relations in New York and served by appointment of the President on the U.S. Holocaust Memorial Council. He serves as an associate member of the InterAction Council, a working society of former heads of state from throughout the world, which reports on issues of global concern such as energy, food, water, nuclear proliferation, and religious sectarianism.

Kevin P. Murphy, Proposed Director and Chief Executive Officer (age 56): Kevin P. Murphy is currently a Managing Member of High Street Capital Partners Management, the Managing Member of Acreage Holdings, and Chief Executive Officer of Acreage Holdings. Prior to his role at Acreage Holdings, Mr. Murphy was most recently a Founding Member and Managing Partner of Tandem Global Partners, a boutique investment firm focused on the emerging markets. Previously Mr. Murphy was Managing Partner at Stanfield Capital Partners, where he served as a member of the Operating and Management team that oversaw all aspects of Stanfield's business, including risk management, sales and distribution, client services, legal, compliance and operations. Mr. Murphy also previously worked at Gleacher NatWest (Partner and Dir. of Marketing), Schroders (Sr. VP of Sales), Lazard Freres (VP) and Cantor Fitzgerald (VP). Mr. Murphy graduated with a B.A. from Holy Cross College.

Larissa L. Herda, Proposed Director (age 60): Larissa L. Herda served as the Chairman of TW Telecom Inc. (formerly, Time Warner Telecom Inc.) from June 2001 to November 2014 and as its Chief Executive Officer from June 1998 to November 2014. Prior to her appointment as Chief Executive Officer, Ms. Herda served as Senior Vice President of Sales and Marketing at TW Telecom Inc. from March 1997. Ms. Herda served as a member of the President's National Security Telecommunications Advisory Committee, and chair of the Federal Communications Commission's Communications, Security, Reliability and Interoperability Council. Ms. Herda was also Chairman of the Denver Branch of the Federal Reserve of Kansas City and served as a member of the Colorado Innovation Network advisory board, appointed by Colorado Gov. John Hickenlooper, and as a Member of the Advisory Board at University of Colorado Leeds School of Business. Ms. Herda is a graduate of the University of Colorado.

The Right Honorable Brian Mulroney, Proposed Director (age 79): Brian Mulroney is a senior partner and international business consultant for Norton Rose Fulbright. Prior to joining Norton Rose Fulbright, Mr. Mulroney was the eighteenth Prime Minister of Canada from 1984 to 1993 and leader of the Progressive Conservative Party of Canada from 1983 to 1993. He served as the Executive Vice President of the Iron Ore Company of Canada and President beginning in 1977. Prior to that, Mr. Mulroney served on the Cliché Commission of Inquiry in 1974. Mr. Mulroney is the Chairman of Quebecor Inc. and serves as a director of the Blackstone Group L.P. and Wyndham Worldwide Corporation. Mr. Mulroney also serves as chairman of the International Advisory Board of Barrick Gold Corporation and is a member of the advisory group of Lion Capital LLP.

Douglas L. Maine, Proposed Director (age 70). Douglas L. Maine joined International Business Machines Corporation ("**IBM**") in 1998 as Chief Financial Officer following a 20-year career with MCI (now part of Verizon) where he was Chief Financial Officer from 1992-1998. He was named General Manager of ibm.com in 2000 and General Manager, Consumer Products Industry in 2003 and retired from IBM in 2005. Mr. Maine currently serves as a director of Albemarle Corporation and previously served as a director of the following public companies: Orbital-ATK, Inc. from 2006-2017, BroadSoft, Inc. from 2006-2017 and Rockwood Holdings, Inc. from 2005-2015.

William C. Van Faasen, Proposed Director (age 70): William C. Van Faasen served as Chairman of Blue Cross Blue Shield of Massachusetts from 2002 to 2007, interim President and Chief Executive Officer from March 2010 to September 2010 and Chair of the Board of Directors from September 2010 to March 2014 when he was named, and currently serves as, Chair Emeritus. Mr. Van Faasen joined Blue Cross in 1990 as Executive Vice President and Chief Operating Officer and served as President from 1992 to 2004 and Chief Executive Officer from 1992 to 2005. Mr. Van Faasen has served in operational, marketing, and health care capacities for over 20 years and has been engaged in numerous civic and community activities, including Chair of the Initiative for a New Economy, Chair of Greater Boston Chamber of Commerce and Chair of United Way Massachusetts Bay. Mr. Van Faasen currently serves as a board member of Eversource Energy and the lead director of Liberty Mutual Group. Previously, Mr. Van Faasen served on the boards of Boston Private Industry Council, the Boston Minuteman Council, Boy Scouts of America, the BCBSMA Foundation, BankBoston, Citizens Bank of Massachusetts, IMS Health, PolyMedica Corporation and Tier Technologies.

George M. Allen, Proposed President (age 43): George Allen is currently the President of Acreage Holdings and previously served as Acreage Holdings' Chief Financial Officer. Mr. Allen was previously Chief Investment Officer of Cambridge Information Group ("**CIG**"), a large, multi-strategy, New York-based family office where he managed a portfolio of private and public direct investments as well as a collection of indirect investments. Prior to CIG, Mr. Allen spent nine years at Warburg Pincus where he managed investments in the communication, media and technology sectors. Before that, Mr. Allen was an associate at Goldman Sachs in New York and Hong Kong, where he invested capital in distressed securities. Mr. Allen has a B.S. in Mechanical Engineering from Yale University.

Glen S. Leibowitz, Proposed Chief Financial Officer (age 48): Glen Leibowitz joined Acreage Holdings in 2018 as its Chief Financial Officer. Prior to joining Acreage Holdings, Mr. Leibowitz spent nine years at Apollo Global Management, LLC, where he held various key roles within the finance organization, including the accounting lead in taking the organization public in 2011. Prior to Apollo, Mr. Leibowitz spent almost ten years at PricewaterhouseCoopers focused on multiple complex foreign registrant financial statements and client IPO documents across sectors including: alternative asset managers, Internet/software, telecommunications, pharmaceutical, and mining. Mr. Leibowitz serves on the board of directors and is the audit committee chair for PowerPlay NYC, a not-for-profit organization dedicated to inspiring and educating girls through one-of-a kind sports and academic enrichment programs. Mr. Leibowitz has a B.S. in Accounting from Queens College.

Robert J. Daino, Proposed Chief Operating Officer (age 54): Robert Daino is currently the Chief Operating Officer of Acreage Holdings. Prior to joining Acreage Holdings, Mr. Daino was President and Chief Executive Officer of WCNY Public Media, a New York area public media company with five broadcast television stations and three digital radio stations. Before that, Mr. Daino was President and Chief Executive Officer of Promergent, a management software and services provider to utilities and governmental entities. From 1982 to 1995, Mr. Daino served in various roles at General Electric, including software engineer, project manager and also in a management role.

James A. Doherty, Proposed General Counsel & Secretary (age 39): James A. Doherty, III is currently the General Counsel of Acreage Holdings. Prior to joining Acreage Holdings, Mr. Doherty was an attorney at Scanlon, Howley & Doherty, P.C. While at Scalon, Howley & Doherty, Mr. Doherty represented a variety of clients in the highly regulated gaming and casino industry before both courts of competent jurisdiction along with regulatory agencies. In addition, his practice also had an emphasis in professional liability cases, specifically corporate defense, medical malpractice, general liability, products liability, civil rights, and employment and labor disputes. Mr. Doherty also acted as special counsel to a number of public entities and municipal entities. Mr. Doherty maintained an active appellate practice having successfully argued cases before the Superior Court, Commonwealth Court and Supreme Court of Pennsylvania. Mr. Doherty served as a law clerk for the Honorable Thomas I. Vanaskie, United States Court of Appeals for the Third Circuit. Mr. Doherty also served as special counsel to the Executive Director of the Pennsylvania Gaming Control Board. Mr. Doherty graduated from the Holy Cross College with B.A. in History and received his J.D. from Georgetown University.

Harris Damashek, Proposed Chief Marketing Officer (age 43): Harris Damashek is currently the Chief Marketing Officer of Acreage Holdings with 20 years marketing experience. Mr. Damashek joined Acreage Holdings from Anheuser-Busch InBev's Disruptive Growth Group, where he launched several global e-commerce pilots and stewarded marketing and brand efforts for the team's 20+ global craft beer acquisitions. Previously, Mr. Damashek founded and managed his own design agency, Damashek Consulting, for almost 15 years, working with spirits, fashion, CPG, automotive, tech and luxury clients. He also founded Underground Eats - a ground-breaking experiential dining start-up working with some of the top culinary talents and brands in the country.

Each of Messrs. Daino, Allen, Leibowitz and Doherty have entered into non-disclosure agreements with Acreage Holdings and each of Messrs. Daino, Allen and Leibowitz have entered into non-competition agreements with Acreage Holdings. Other than as stated above, no proposed director or officer of the Resulting Issuer has entered into a non-competition or non-disclosure agreement with Acreage Holdings or the Resulting Issuer.

13.2 Board Committees

Pubco Board Committee

Pubco currently has an audit committee (the "**Pubco Audit Committee**"). The Pubco Audit Committee assists the Pubco Board in its oversight of: (i) the integrity of the financial reporting of Pubco; (ii) the independence and performance of Pubco's external auditors; and (iii) Pubco's compliance with legal and regulatory requirements.

Prior to completion of the Reorganization, the members of the Pubco Audit Committee were Messrs. Nachman (Chairman), Hariton and Polisuk. Messrs. Hariton and Polisuk being "independent" within the meaning of NI 51-102. Members of the Pubco Audit Committee did not receive compensation for sitting on the committee or attending meetings of the committee.

The audit committee reviews the financial reports and other financial information provided by Pubco to regulatory authorities and its shareholder and reviews Pubco's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

Resulting Issuer Board Committees

Upon closing of the RTO, the Resulting Issuer is expected to establish board committees, including an audit committee (the "**Audit Committee**"), a compensation and corporate governance committee (the "**Compensation and Corporate Governance Committee**") and such other committees as determined to be appropriate by the Resulting Issuer Board.

Audit Committee

The Audit Committee will be comprised of William Van Faasen (Chair), Douglas Maine and Kevin P. Murphy. Each of the proposed members of the Audit Committee, other than Mr. Murphy, meets the independence requirements pursuant to NI 52-110 and each is financially literate within the meaning of NI 52-110. For a description of the education and experience of each member of the Audit Committee, see "*Directors and Executive Officers*".

The Resulting Issuer Board will adopt a written charter setting forth the responsibilities, powers and operations of the Audit Committee consistent with NI 52-110. The principal duties and responsibilities of the Resulting Issuer's Audit Committee will be to assist the Resulting Issuer Board in discharging the oversight of:

- the integrity of the Resulting Issuer's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- the Resulting Issuer's compliance with legal and regulatory requirements;
- the Resulting Issuer's external auditors' qualifications and independence;
- the work and performance of the Resulting Issuer's financial management and its external auditors; and
- the Resulting Issuer's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Resulting Issuer Board.

It is anticipated that the Audit Committee will have access to all books, records, facilities and personnel and may request any information about the Resulting Issuer as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Resulting Issuer Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee will be comprised of Larissa L. Herda (Chair), John Boehner, Brian Mulroney, Kevin P. Murphy and Bill Weld. Larissa L. Herda and Brian Mulroney are independent for purposes of NI 58-101.

The Resulting Issuer Board will adopt a written charter setting forth the responsibilities, powers and operations of the Compensation and Corporate Governance Committee. The principal duties and responsibilities of the Compensation and Corporate Governance Committee will be to assist the Resulting Issuer Board in discharging its oversight of:

- executive compensation;
- management development and succession;
- director compensation;
- executive compensation disclosure.
- the Resulting Issuer's overall approach to corporate governance;
- the size, composition and structure of the Resulting Issuer Board and its committees;
- orientation and continuing education for directors;
- related party transactions and other matters involving conflicts of interest; and
- any additional matters delegated to the Compensation and Corporate Governance Committee by the Resulting Issuer Board.

13.3 Corporate Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Resulting Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Resulting Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

13.4 Penalties or Sanctions

Except as described below, to the knowledge of the Resulting Issuer, no proposed director, officer, or promoter of the Resulting Issuer or any shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely considered important to a reasonable investor in making an investment decision.

On January 11, 2016, Mr. Murphy entered into an agreement to settle a matter in connection with a routine FINRA examination of a broker-dealer firm formerly owned, in part, by Mr. Murphy. FINRA alleged that Mr. Murphy failed to inform the firm's compliance officer or receive pre-approval for the sale of his securities. Mr. Murphy agreed, without admitting or denying the findings and without adjudication of any issue of law or fact, to a 12 month suspension from acting as a broker and a contingent fine payable upon Mr. Murphy's re-registration, notwithstanding that Mr. Murphy resigned his position with the broker dealer in January 2014. Mr. Murphy does not intend to re-register as broker now or in the future.

13.5 Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to materially affect the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

13.6 Conflicts of Interest

To the best knowledge of Pubco and Acreage Holdings, and other than as disclosed herein, there are no known existing or potential material conflicts of interest between Pubco or Acreage Holdings, or a subsidiary of Pubco or Acreage Holdings and a director, officer or promoter of Pubco or Acreage Holdings or a proposed director, officer or promoter of the Resulting Issuer except that certain of the directors, officers and promoters of Pubco and Acreage Holdings and certain of the proposed directors, officers or promoters of the Resulting Issuer serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or promoter of any of Pubco, Acreage Holdings and/or the Resulting Issuer, as applicable, and their duties as a director, officer and promoter of such other companies. See "*Risk Factors*".

The directors, officers and promoters of Pubco and Acreage Holdings and the proposed directors, officers and promoters of the Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and each of Pubco, Acreage Holdings and the Resulting Issuer will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

14. CAPITALIZATION

Each of the tables in this Section 14 pertain to the Resulting Issuer Shares only.

As at the date of this Listing Statement, the Resulting Issuer has the following issued and outstanding securities according to the below table.

14.1 Issued Capital

The following table sets out the number of the Subordinate Voting Shares available in the Resulting Issuer's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis:

	Number of Subordinate Voting Shares (non-diluted)	Number of Subordinate Voting Shares (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully-diluted)
Public Float				
Total outstanding (A)	21,443,042	114,912,956	100%	100%
Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	4,316,935	4,316,935	20.1%	3.8%
Total Public Float (A-B)	17,126,107	110,596,021	79.9%	96.2%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	8,827,230	8,827,230	41.2%	7.7%
Total Tradeable Float (A-C)	12,615,812	106,085,726	58.8%	92.3%

Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	28	489
100 - 499 securities	12	4,277
500 - 999 securities	14	9,889
1,000 - 1,999 securities	32	37,243
2,000 - 2,999 securities	59	120,675
3,000 - 3,999 securities	9	28,740
4,000 - 4,999 securities	44	179,543
5,000 or more securities	233	16,745,251
	431	17,126,107

Public Securityholders (Beneficial)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	28	489
100 - 499 securities	17	5,877
500 - 999 securities	23	16,309
1,000 - 1,999 securities	294	319,063
2,000 - 2,999 securities	14	288,745
3,000 - 3,999 securities	46	142,463
4,000 - 4,999 securities	104	419,793
5,000 or more securities	413	15,933,368
Total	853	17,126,107

Non-Public Securityholders (Registered)

Class of Security

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	-	-
100 - 499 securities	-	-
500 - 999 securities	-	-
1,000 - 1,999 securities	-	-
2,000 - 2,999 securities	-	-
3,000 - 3,999 securities	-	-
4,000 - 4,999 securities	-	-
5,000 or more securities	3	4,316,935
Total	3	4,316,935

14.2 Convertible Securities

Following completion of the RTO, the Resulting Issuer will have the following convertible securities outstanding:

Description of Security	Number of convertible/exchangeable securities outstanding	Number of Subordinate Voting Shares issuable upon conversion or exercise
Resulting Issuer Warrants (Subordinate Voting Shares)	1,877,607	1,877,607
Resulting Issuer Warrants (Proportionate Voting Shares)	5,575	223,000
Compensation Options - Agents[(1)]	157,512	157,512
Options[(2)]	4,254,500	4,254,500
Multiple Voting Shares	168,000	168,000
Proportionate Voting Shares	1,445,879	57,835,480

(1) Reflects gross proceeds under the Finco SR Financing of $314,153,600 at a SR Offering Price of $25.00 per Finco Subscription Receipt. Pursuant to the Finco SR Financing, Finco issued the Agents an aggregate of 157,512 compensation options.
(2) Assumes issuance of 4,254,500 Options to certain officers, directors and employees immediately following completion of the RTO, which remains subject to confirmation of the Board and the Compensation and Corporate Governance Committee.

14.3 Other Securities Reserved for Issuance

The Resulting Issuer has the following Subordinate Voting Shares reserved for issuance upon the redemption or exchange, as applicable, of certain Acreage Holdings Units, profit interests and Class B Non-Voting Common Shares of USCo2 following completion of the RTO:

Description of Security	Number of convertible/exchangeable securities outstanding	Number of Subordinate Voting Shares issuable upon conversion or exercise
Class B Membership Units	15,957,908	15,957,908
Class C Membership Units	5,059,719	5,059,719
Profit interests	5,875,000	5,875,000
Class B Non-Voting Common Shares of USCo2	1,918,285	1,918,285

15. EXECUTIVE COMPENSATION

Named Executive Officers

For the purposes of this section, the "**Named Executive Officers**" or "**NEOs**" are the Chief Executive Officer and Chief Financial Officer of the Resulting Issuer and the anticipated three most highly compensated executive officers of the Resulting Issuer (other than the Chief Executive Officer and Chief Financial Officer), being George Allen (President), James Doherty (General Counsel & Secretary) and Robert Daino (Chief Operating Officer). The biographies of each Named Executive Officer are set out under Section 13 above.

Determination of Compensation

Following the completion of the RTO, it is anticipated that the Resulting Issuer Board will establish the Compensation and Corporate Governance Committee to assist the Resulting Issuer Board in fulfilling its governance and supervisory responsibilities. The Resulting Issuer Board is expected to adopt a written charter for the Compensation and Corporate Governance Committee that will establish, among other things, the Compensation and Corporate Governance Committee's purpose and its responsibilities with respect to executive compensation. The charter of the Compensation and Corporate Governance Committee will provide that, among other things, the Compensation and Corporate Governance Committee will be responsible for assisting the Resulting Issuer Board in its oversight of executive compensation, management development and succession, director compensation and executive compensation disclosure.

It is anticipated that the independent directors of the Resulting Issuer will review and make recommendations to the Compensation and Corporate Governance Committee each year with respect to the executive compensation arrangements and employment agreements for the Named Executive Officers. For other non-executive employees, the decisions regarding compensation arrangements and employment agreements will be made by the Resulting Issuer Board. Furthermore, the New Omnibus Equity Incentive Plan will be administered by, and the award of any share-based compensation awards will be recommended by the Compensation and Corporate Governance Committee and be approved by the Resulting Issuer Board.

The Resulting Issuer Board will consider industry standards and the financial situation of the Resulting Issuer when determining executive compensation. The Resulting Issuer Board will set the compensation level of the Named Executive Officers in order to retain individuals of a high caliber and motivate their performance to achieve the Resulting Issuer's strategic objectives. The compensation package of the Named Executive Officers will consist of short and long-term cash and equity incentives based on the achievement of the Resulting Issuer's goals.

Benchmarking

The executive team retained Exude, Inc. to conduct a benchmarking analysis pursuant to which they defined, valued and analyzed market data to establish a benchmark for the purposes of setting the future compensation of the Named Executive Officers.

Compensation of Executives

The compensation of the Named Executive Officers will include three major elements: (a) base salaries; (b) equity-based compensation; and (c) cash bonuses.

Base Salaries

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to the Resulting Issuer's success, the position and responsibilities of the NEOs and competitive industry pay practices for other high growth, premium brand companies of similar size and revenue growth potential.

Equity-Based Compensation

In connection with the RTO, Pubco Shareholders approved the New Omnibus Equity Plan at the Pubco Meeting. For further details in respect of the New Omnibus Equity Plan, please see "*Options to Purchase Securities*".

In connection with the completion of the RTO, Mr. Doherty will receive 15,900 Stock Awards in compensation for past services.

Cash Bonuses

Annual bonuses will be awarded based on qualitative and quantitative performance standards and will reward performance of each NEO individually. The determination of an NEO's performance may vary from year to year depending on economic conditions and conditions in the cannabis industry and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

Pension and Other Benefit Plans

The Resulting Issuer does not intend to implement a pension plan, defined benefit plan, defined contribution plan or deferred compensation plan that provides for payments or benefits to Named Executive Officers at, following, or in connection with retirement.

Summary of Executive Compensation

The following table sets forth the anticipated compensation to be paid or awarded to the Named Executive Officers of the Resulting Issuer:

Table of Compensation							
Name & position	**Year**	**Salary ($)**	**Bonus ($)[1]**	**Equity-based compensation**	**Committee or meeting fees ($)**	**All other compensation ($)**	**Total compensation ($)**
Kevin Murphy *CEO and Director*	2018	375,000	Nil	Nil	N/A	Nil	375,000
Glen Leibowitz *CFO and Director*	2018	300,000	Nil	Nil	N/A	Nil	300,000
George Allen *President*	2018	350,000	Nil	Nil	N/A	Nil	350,000
James Doherty *General Counsel & Secretary*	2018	300,000	Nil	Nil	N/A	Nil	300,000
Robert Daino *Chief Operations Officer*	2018	350,000	Nil	Nil	N/A	Nil	350,000

Notes:
(1) The total amount of all bonuses to be paid or payable in or with respect to fiscal 2018 has yet to be determined.
(2) In connection with the RTO, the Board will grant 540,000 RSUs to Mr. Murphy, 240,000 Options to Mr. Leibowitz, 300,000 Options to Mr. Allen, 80,000 RSUs, 240,000 Options and 15,900 Stock Awards to Mr. Doherty and 600,000 RSUs and 240,000 Options to Mr. Daino. Any additional Options, RSUs, Stock Awards or share-based compensation to be granted to the NEOs in respect of fiscal 2018 has yet to be determined by the Compensation and Corporate Governance Committee and the Board.

Employment, Termination and Change of Control Benefit

As at the date hereof, neither Acreage Holdings nor the Resulting Issuer is party to any employment agreement with a NEO pursuant to which such NEO would be entitled to a termination or change of control benefit.

Employee Bonuses

Certain employees of Acreage Holdings are entitled to payments of $409,600 in the aggregate upon the closing of the RTO.

Summary Compensation for Directors

It is anticipated that the Resulting Issuer will pay compensation to its directors in the form of annual fees for attending meetings of the Resulting Issuer Board. Directors may receive additional compensation for acting as chairs of committees of the Resulting Issuer Board. Directors will also be entitled to receive stock options and other applicable awards and will be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Resulting Issuer Board, committees of the Resulting Issuer Board or meetings of the shareholders of the Resulting Issuer. It is also anticipated that the Resulting Issuer will obtain customary insurance for the benefit of its directors and enter into indemnification agreements with its directors pursuant to which the Resulting Issuer will agree to indemnify its directors to the extent permitted by applicable law.

Equity Compensation

On February 22, 2018, Acreage Holdings granted 625,000 Class C-1 Membership Units to each of Mr. Boehner and Mr. Weld, vesting 50% each year. Acreage Holdings may, in its sole discretion, accelerate the vesting of such Class C-1 Membership Units. In connection with the closing of the RTO, the Board intends to grant 160,000 Options and 40,000 RSUs to Mr. Maine, 280,000 Options and 210,000 RSUs to Mr. Mulroney, 160,000 Options and 40,000 RSUs to Mr. Van Faasen and 160,000 Options and 40,000 RSUs to Ms. Herda, on the terms set out in the New Omnibus Equity Plan, with one-third of these RSUs and Options vesting on the date that is one year following the closing date of the RTO and one third of the remaining RSUs and Options, as applicable, vesting on each of the annual anniversary dates following the closing date of the RTO.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Upon completion of the RTO, no proposed director, executive officer or senior officer of the Resulting Issuer, or any associates of such persons, will be indebted to the Resulting Issuer and neither will any indebtedness of such persons to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Resulting Issuer.

17. RISK FACTORS

An investment in the Resulting Issuer Shares involves risks, certain of which are described in the risk factors set forth below. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment of the Resulting Issuer and the financial condition or operating results of the Resulting Issuer. Additional risks and uncertainties not presently known to the Resulting Issuer or that the Resulting Issuer currently deems immaterial may also impair the Resulting Issuer's business operations. The Resulting Issuer will face numerous challenges in the development of its business. Due to the nature of the Resulting Issuer and its business and present stage of the business, readers should carefully consider all such risks, including those set out in the discussion below.

Risks Specifically Related to the United States Regulatory System

The Resulting Issuer's business activities, while believed to be compliant with applicable state and local U.S. law, are illegal under U.S. federal law

Cannabis is illegal under U.S. federal law. In those states in which the use of cannabis has been legalized, its use remains a violation of federal law pursuant to the CSA. The CSA classifies cannabis as a Schedule I controlled substance, and as such, legal medical and recreational cannabis use is not permitted under U.S. federal law. Unless and until Congress amends the CSA with respect to cannabis (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law, and the Subsidiaries or other entities in which Acreage Holdings may have an interest from time to time may be deemed to be producing, cultivating or dispensing cannabis and drug paraphernalia in violation of federal law or Acreage Holdings and/or the Resulting Issuer may be deemed to be facilitating the selling or distribution of cannabis and drug paraphernalia in violation of federal law with respect to Acreage Holding's and/or the Resulting Issuer's investment in the Subsidiaries. Since federal law criminalizing the use of cannabis pre-empts state laws that legalize its use, strict enforcement of federal law regarding cannabis would harm the Resulting Issuer's business, prospects, results of operation, and financial condition.

The activities of the Subsidiaries are, and will continue to be, subject to evolving regulation by governmental authorities. The Subsidiaries are directly or indirectly engaged in the medical and recreational cannabis industry in the U.S. where local state law permits such activities. The legality of the production, cultivation, extraction, distribution, retail sales, transportation and use of cannabis differs among North American jurisdictions, as well as between states in the U.S. Due to the current regulatory environment in the U.S., new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

There are 30 states of the U.S., in addition to Washington D.C., Puerto Rico, the U.S. Virgin Islands and Guam, that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. In addition, as of the date of this Listing Statement, Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont, Washington and Washington D.C. have legalized cannabis for recreational use.

The funding by Acreage Holdings and the Resulting Issuer of the activities of the Subsidiaries involved in the medical and recreational cannabis industry through equity investments, loans or other forms of investment, may be illegal under the applicable federal laws of the U.S. and other applicable laws. There can be no assurances that the federal government of the U.S. or other jurisdictions will not seek to enforce the applicable laws against the Resulting Issuer or Acreage Holdings. The consequences of such enforcement would be materially adverse to the Resulting Issuer and the Resulting Issuer's business, including its reputation, profitability, the listing on the CSE and market price of its publicly traded shares, and could result in the forfeiture or seizure of all or substantially all of the Resulting Issuer's assets.

The prior U.S. administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum which Deputy Attorney General James Cole sent to all U.S. Attorneys in August 2013 that outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum held that enforcing federal cannabis laws and regulations in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations was not a priority for the DOJ. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, U.S. Attorney General Jeff Sessions formally issued the Sessions Memorandum, which rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future. Jeff Sessions resigned as U.S. Attorney General on November 7, 2018. As of his resignation, Matthew Whitaker is the acting U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

The uncertainty of U.S. federal enforcement practices going forward and the inconsistency between U.S. federal and state laws and regulations presents major risks for the business and operations of the Resulting Issuer, Acreage Holdings and the Subsidiaries.

Nature of the Business Model

Since the cultivation, processing, production, distribution, and sale of cannabis for any purpose, medical, adult use (i.e., recreational), or otherwise, remain illegal under federal law, it is possible that any of the Resulting Issuer, Acreage Holdings or the Subsidiaries may be forced to cease activities. The United States federal government, though, among others, the DOJ, its sub agency the Drug Enforcement Agency ("**DEA**"), and the IRS, have the right to actively investigate, audit and shut-down cannabis growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the property of the Resulting Issuer, Acreage Holdings or any Subsidiary. Any action taken by the DOJ, the DEA and/or the IRS to interfere with, seize, or shut down the operations of the Resulting Issuer, Acreage Holdings or any Subsidiary will have an adverse effect on their businesses, operating results and financial condition.

U.S. State Regulatory Uncertainty

There is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Resulting Issuer's business or operations in those states or under those laws would be materially and adversely affected. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect the Resulting Issuer and Acreage Holdings, their business and their assets or investments.

U.S. states where medical and/or recreational cannabis is legal have or are considering special taxes or fees in the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon the businesses, results of operations and financial condition of the Resulting Issuer, Acreage Holdings and the Subsidiaries.

The Resulting Issuer, Acreage Holdings and the Subsidiaries are Subject to Applicable Anti-Money Laundering Laws and Regulations

The Resulting Issuer, Acreage Holdings and the Subsidiaries are subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the *U.S. Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the "**Bank Secrecy Act**"), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (the "**USA Patriot Act**"), the *Proceeds of Crime (Money Laundering) and Terrorist Financing A*ct (Canada), as amended, and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The Financial Crimes Enforcement Network ("**FinCEN**") of the U.S. Department of the Treasury issued a memorandum on February 14, 2014 outlining the pathways for financial institutions to bank cannabis businesses in compliance with federal enforcement priorities (the "**FinCEN Memorandum**"). The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance included in the Cole Memorandum.

The revocation of the Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself.

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

If any of the operations of Acreage Holdings or any of the Subsidiaries, or any proceeds thereof, any dividend distributions or any profits or revenues derived from these operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime under one or more of the statutes noted above. This may restrict the ability of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Lack of Access to U.S. Bankruptcy Protections; Other Bankruptcy Risks

Because the use of cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Resulting Issuer, Acreage Holdings or any of the Subsidiaries were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available, which would have a material adverse effect.

Additionally, there is no guarantee that the Resulting Issuer will be able to effectively enforce any interests it may have in Acreage Holdings or its underlying Subsidiaries. A bankruptcy or other similar event related to an investment of the Resulting Issuer that precludes a party from performing its obligations under an agreement may have a material adverse effect on the Resulting Issuer. Further, as an equity investor, should an investment have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities or equity owed to Acreage Holdings. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Resulting Issuer.

Heightened Scrutiny by Canadian Authorities

For the reasons set forth above, the business, operations and investments of the Resulting Issuer, Acreage Holdings and the Subsidiaries in the U.S., and any future businesses, operations and investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction, in addition to those described herein.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. On February 8, 2018, following discussions with the Canadian Security Administrators and recognized Canadian securities exchanges, the TMX Group, who is the owner and operator of CDS, announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE and the Toronto Stock Exchange confirming that it relies on such exchanges to review the conduct of listed issuers. The MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the U.S.

Even though the MOU indicated that there are no plans of banning the settlement of securities through CDS, there can be no guarantee that the settlement of securities will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Subordinate Voting Shares to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid as until an alternative was implemented, and investors would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

Constraints on Marketing Products

The development of the Resulting Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States limits the Resulting Issuer's ability to compete for market share in a manner similar to other industries. If the Resulting Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Resulting Issuer's sales and operating results could be adversely affected.

European Anti-Money Laundering Laws and Regulation

European laws, regulations and their enforcement, particularly those pertaining to anti-money laundering, relating to making and/or holding investments in cannabis-related practices or activities are in flux and vary dramatically from jurisdiction to jurisdiction across Europe (including without limitation, the United Kingdom). The enforcement of these laws and regulations and their effect on shareholders are uncertain and involve considerable risk. In the event that any of the Resulting Issuer's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations are found to be in violation of such laws or regulation, such transactions (including holding of shares in the Resulting Issuer) could expose any shareholder(s) in that jurisdiction to potential prosecution and/or criminal and civil sanction.

Tax Risks Related to Controlled Substances

Section 280E of the Code ("**Section 280E**") prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. For more detailed information, please see "*Other Material Facts - Certain United States Federal Income Tax Considerations*".

Foreign Private Issuer Status

The RTO was structured so that the Resulting Issuer would be a Foreign Private Issuer as defined in Rule 405 under the Securities Act and Rule 3b-4 under the Exchange Act, following the closing of the RTO. The term ''Foreign Private Issuer'' is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

(a) more than 50 percent of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and

(b) any one of the following:

i. the majority of the executive officers or directors are United States citizens or residents, or

ii. more than 50 percent of the assets of the issuer are located in the United States, or

iii. the business of the issuer is administered principally in the United States.

A ''holder of record'' is defined by Rule 12g5-1 under the Exchange Act. Generally speaking, the holder identifies on the record of security holders is considered as the record holder.

In December 2016, the U.S. Securities and Exchange Commission (the "**SEC**") issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either (i) the combined voting power of its share classes, or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding Proportionate Voting Share and each issued and outstanding Multiple Voting Share is counted as one voting security and each issued and outstanding Subordinate Voting Shares is counted as one voting security for the purposes of determining the 50 percent U.S. resident threshold and the Resulting Issuer is expected to be a ''Foreign Private Issuer'' upon completion of the RTO Transactions.

Should the SEC's guidance and interpretation change, it is likely the Resulting Issuer will lose its Foreign Private Issuer status.

Loss of Foreign Private Issuer Status

The Resulting Issuer is expected to be a Foreign Private Issuer. If, as of the last business day of the Resulting Issuer's second fiscal quarter for any year, more than 50% of the Resulting Issuer's outstanding voting securities (as determined under Rule 405 of the Securities Act) are directly or indirectly held of record by residents of the United States, the Resulting Issuer will no longer meet the definition of a Foreign Private Issuer, which may have adverse consequences on the Resulting Issuer's ability to raise capital in private placements or Canadian prospectus offerings. In addition the loss of the Resulting Issuer's Foreign Private Issuer status may likely result in increased reporting requirements and increased audit, legal and administration costs. These increased costs may significantly affect the Resulting Issuer's business, financial condition and results of operations.

Limited Trademark Protection

The Subsidiaries will not be able to register any U.S. federal trademarks for their cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Subsidiaries likely will be unable to protect their cannabis product trademarks beyond the geographic areas in which they conduct business. The use of its trademarks outside the states in which they operate by one or more other persons could have a material adverse effect on the value of such trademarks.

Civil Asset Forfeiture

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture.

FDA Regulation

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would regulate it under the *Food, Drug and Cosmetics Act of 1938*. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Subsidiaries are unable to comply with the regulations or registration as prescribed by the FDA, it may have an adverse effect on the business, operating results and financial condition of the Resulting Issuer and/or Acreage Holdings.

Risks Generally Related to the Resulting Issuer

Laws and Regulations Affecting the Industry in which the Resulting Issuer Operates are Constantly Changing

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the Resulting Issuer. The current and proposed operations of the Subsidiaries are subject to a variety of local, state and federal medical cannabis laws and regulations relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require the Resulting Issuer, Acreage Holdings or the Subsidiaries to incur substantial costs associated with compliance or alter certain aspects of their business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the business plans of the Resulting Issuer, Acreage Holdings or the Subsidiaries and result in a material adverse effect on certain aspects of their planned operations.

In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Subsidiaries' medical cannabis businesses. The Resulting Issuer will not be able to predict the nature of any future laws, regulations, interpretations or applications, nor will it be able to determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have a material adverse effect on the business of the Resulting Issuer, Acreage Holdings or the Subsidiaries. In addition, the Resulting Issuer will not be able to predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to its business. For example, see the "*Risk Factors - Heightened Scrutiny by Canadian Authorities"* related to CDS above.

Unfavorable Publicity or Consumer Perception

The legal cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and is expected to continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Subsidiaries and accordingly Acreage Holdings and the Resulting Issuer. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect.

Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and recreational cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general).

The ability to gain and increase market acceptance of the Subsidiaries' products may require the Resulting Issuer, Acreage Holdings and/or the Subsidiaries to establish and maintain its brand name and reputation. In order to do so, substantial expenditures on product development, strategic relationships and marketing initiatives may be required. There can be no assurance that these initiatives will be successful and their failure may have an adverse effect on the Resulting Issuer, Acreage Holdings and/or the Subsidiaries.

Further, a shift in public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the U.S. or elsewhere. A negative shift in the perception of the public with respect to medical cannabis in the U.S. or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Resulting Issuer could expand. Any inability to fully implement the Resulting Issuer's expansion strategy may have a material adverse effect on its business, financial condition and results of operations.

Limited Operating History

The Resulting Issuer, Acreage Holdings and the Subsidiaries have varying and limited operating histories, which can make it difficult for investors to evaluate the Resulting Issuer's operations and prospects and may increase the risks associated with investment into the Resulting Issuer. The Resulting Issuer's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development.

Although the Resulting Issuer had generated revenues through certain Subsidiaries during the six months ended June 30, 2018, many of the Subsidiaries will start generating revenues in future periods and accordingly, the Resulting Issuer is therefore expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There can be no assurance that the Resulting Issuer's Subsidiaries will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Resulting Issuer's business, prospects, financial condition and results of operations.

Competition with the Resulting Issuer

There is potential that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer operates, the Resulting Issuer expects to face additional competition from new entrants. To become and remain competitive, the Resulting Issuer will require research and development, marketing, sales and support. Pressure from the Resulting Issuer's competitors may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Competition with the Subsidiaries

There is potential that the Subsidiaries will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than Acreage Holdings and the Subsidiaries. Currently, the cannabis industry is generally comprised of individuals and small to medium-sized entities; however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger dispensaries, processing plants and cultivation facilities. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. Competition between companies in the cannabis industry also relies heavily on the ability to attract community support.

Because of the early stage of the industry in which the Subsidiaries operate, the Resulting Issuer expects the Subsidiaries to face additional competition from new entrants. To become and remain competitive, the Subsidiaries will require research and development, marketing, sales and support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Subsidiaries and, in turn, the Resulting Issuer.

In addition, medicinal cannabis products compete against other healthcare drugs and a high volume of cannabis continues to be sold illegally on the black-market.

Dependence on Performance of Subsidiaries

The Resulting Issuer and Acreage Holdings will be dependent on the operations, assets and financial health of the Subsidiaries. Accordingly, if the financial performance of any Subsidiary declines this will adversely affect the Resulting Issuer's investment in such Subsidiary, the ability to realize a return on such investment and the financial results of the Resulting Issuer. The Resulting Issuer and/or Acreage Holdings will conduct due diligence on each new entity prior to making any investment. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the due diligence or ongoing monitoring that may have an adverse effect on the business, and this could have a material adverse impact on the business, financial condition, results of operations or prospects of the Resulting Issuer or Acreage Holdings.

Competition from Synthetic Production and Technological Advances

The pharmaceutical industry may attempt to dominate the cannabis industry, and in particularly, legal cannabis, through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could materially adversely affect the ability of the Resulting Issuer to secure long-term profitability and success through the sustainable and profitable operation of its business. There may be unknown additional regulatory fees and taxes that may be assessed in the future.

Ability to Identify Investments

A key element of the Resulting Issuer's growth strategy will in part involve identifying and making acquisitions of interest. or the business of. entities involved in the legal cannabis industry. The Resulting Issuer's ability to identify such potential acquisition opportunities and make debt and/or equity investments is not guaranteed. Achieving the benefits of future acquisitions will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues.

Risks Associated with Failure to Manage Growth Effectively

The growth of Acreage Holdings and anticipated growth of the Resulting Issuer has placed and may continue to place significant demands on management and their operational and financial infrastructures. As the operations of the Resulting Issuer, Acreage Holdings and its Subsidiaries grow in size, scope and complexity and as new opportunities are identified and pursued, the Resulting Issuer and Acreage Holdings may need to increase in scale its infrastructure (financial, management, informational, personnel and otherwise). In addition, the Resulting Issuer will need to effectively execute on business opportunities and continue to build on and deploy its corporate development and marketing assets as well as access sufficient new capital, as may be required. The ability of the Resulting Issuer and Acreage Holdings to successfully complete the proposed acquisitions and to capitalize on other growth opportunities may redirect the limited resources of the Resulting Issuer and/or Acreage Holdings and require expansion of its infrastructure. This will require the commitment of financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. There can be no assurance that the Resulting Issuer or Acreage Holdings will be able to respond adequately or quickly enough to the changing demands that its proposed acquisition plans will impose on management, team members and existing infrastructure, and changes to the operating structure of the Resulting Issuer and Acreage Holdings may result in increased costs or inefficiencies that cannot be anticipated. Changes as the Resulting Issuer and Acreage Holdings grow may have a negative impact on their operations, and cost increases resulting from the inability to effectively manage its growth could adversely impact its profitability. In addition, continued growth could also strain the ability to maintain reliable service levels for its clients, develop and approve its operational, financial and management controls, enhance its reporting systems and procedures and recruit, train and retain highly-skilled personnel. Failure to effectively manage growth could result in difficulty or delays in servicing clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new products or applications or other operational difficulties, and any of these difficulties could adversely impact the business performance and results of operations of the Resulting Issuer and Acreage Holdings.

Future Material Acquisitions or Dispositions of Strategic Transactions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Resulting Issuer's ongoing business, (ii) distraction of management, (iii) the Resulting Issuer may become more financially leveraged, (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected, (v) increasing the scope and complexity of the Resulting Issuer's operations, and (vi) loss or reduction of control over certain of the Resulting Issuer's assets. Additionally, the Resulting Issuer may issue additional equity interests in connection with such transactions, which would dilute a shareholder's holdings in the Resulting Issuer.

Risks Associated with Acquisitions

As part of the Resulting Issuer's overall business strategy, the Resulting Issuer intends to pursue select strategic acquisitions after the completion of the listing of the Subordinate Voting Shares on the CSE, which would provide additional product offerings, vertical integrations, additional industry expertise and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose the Resulting Issuer to potential risks, including risks associated with: (i) the integration of new operations, services and personnel, (ii) unforeseen or hidden liabilities; (iii) the diversion of resources from the Resulting Issuer's existing interests and business, (iv) potential inability to generate sufficient revenue to offset new costs, (v) the expenses of acquisitions, or (vi) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Ability to Manage Future Growth

The ability to achieve desired growth will depend on the Resulting Issuer's ability to identify, evaluate and successfully negotiate investment opportunities with target companies. Achieving this objective in a cost-effective manner will be a product of the Resulting Issuer's sourcing capabilities, the management of the investment process, the ability to provide capital on terms that are attractive to target companies and the Resulting Issuer's access to financing on acceptable terms. Failure to effectively manage any future growth and successfully negotiate suitable investments could have a material adverse effect on the Resulting Issuer's business, financial condition, and results of operations.

The size of the Resulting Issuer's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for investors to review in deciding about whether to invest in the Resulting Issuer and, few, if any, established companies whose business model the Resulting Issuer can follow or upon whose success the Resulting Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Resulting Issuer. There can be no assurance that the Resulting Issuer's estimates will be accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. Acreage Holdings regularly purchases and follows market research.

Proposed Acquisitions and Dispositions

The proposed acquisitions and dispositions are subject to certain conditions, many of which are outside of the control of the Resulting Issuer and Acreage Holdings, and there can be no assurance that they will be completed, on a timely basis or at all. As a consequence, there is a risk that one or more of the proposed acquisitions or dispositions will not close in a timely fashion or at all. If one or more of the proposed acquisitions or dispositions is not completed for any reason, the ongoing business of the Resulting Issuer or Acreage Holdings may be adversely affected and, without realizing any of the benefits of having completed such transactions, the Resulting Issuer and Acreage Holdings will be subject to a number of risks, including, without limitation, the Resulting Issuer may experience negative reactions from the financial markets, including negative impacts on the Resulting Issuer's stock price, in the case of a proposed acquisition, the Resulting Issuer and Acreage Holdings will need to find an alternative use of any proceeds earmarked for such proposed acquisitions, in the case of a proposed disposition, the Resulting Issuer and/or Acreage Holdings will not receive the anticipated proceeds of such disposition and accordingly may not be able to execute on other business opportunities for which such proceeds have been earmarked, and matters relating to the proposed acquisitions and dispositions will require substantial commitments of time and resources by management of the Resulting Issuer and Acreage Holdings, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to the Resulting Issuer and Acreage Holdings.

If one or more of the proposed acquisitions or dispositions are not completed, the risks described above may materialize and they may adversely affect the business, results of operations, financial condition and prospects and stock price of the Resulting Issuer and Acreage Holdings.

Additional Financing

The Resulting Issuer may require equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other business combination transactions. If the Resulting Issuer is required to access capital markets to carry out its development objectives, the state of domestic and international capital markets and other financial systems could affect the Resulting Issuer's access to, and cost of, capital. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms that are commercially viable. The Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Currency Fluctuations

The Resulting Issuer's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. The Canadian dollar relative to the U.S. dollar or other foreign currencies is subject to fluctuations. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Resulting Issuer's business, financial condition and operating results. The Resulting Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Resulting Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks. Failure to adequately manage foreign exchange risk could therefore adversely affect the Resulting Issuer's business, financial condition and results of operations.

Investments May be Pre-Revenue

The Resulting Issuer may make investments in companies with no significant sources of operating cash flow and no revenue from operations. The Resulting Issuer's investment in such companies are subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Resulting Issuer's investment in these pre-revenue companies will not be able to meet anticipated revenue targets or generate no revenue at all. The risk is that underperforming pre-revenue companies may lead to these businesses failing which could have a materially adverse impact on the business, financial condition and operating results of the Resulting Issuer.

Enforceability of Judgments Against Foreign Subsidiaries

Acreage Holdings and the Subsidiaries are organized under the laws of various U.S. states. All of the assets of these entities are located outside of Canada and certain of the experts retained by the Resulting Issuer or its affiliates are residents of countries other than Canada. As a result, it may be difficult or impossible for shareholders of the Resulting Issuer to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws or otherwise. There is some doubt as to the enforceability in the U.S. by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the U.S. may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the U.S. agrees to hear a claim, it may determine that the local law in the U.S., and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

Research and Market Development

Although the Resulting Issuer, itself and through Acreage Holdings and the Subsidiaries, will be committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

Due to the early stage of the legal cannabis industry, forecasts regarding the size of the industry and the sales of products by the Subsidiaries is inherently subject to significant unreliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Acreage Holdings and the Subsidiaries, and consequently, the Resulting Issuer.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Resulting Issuer believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Future research studies and clinical trials may draw opposing conclusions to those stated in this Listing Statement or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Resulting Issuer's products with the potential to lead to a material adverse effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

Environmental Risk and Regulation

The operations of the Resulting Issuer, Acreage Holdings and the Subsidiaries are subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Resulting Issuer, Acreage Holdings or the Subsidiaries.

Government approvals and permits are currently, and may in the future be, required in connection with the operations of the Resulting Issuer, Acreage Holdings or the Subsidiaries. To the extent such approvals are required and not obtained, the Resulting Issuer, Acreage Holdings or any of the Subsidiaries may be curtailed or prohibited from their proposed production of medical cannabis or from proceeding with the development of their operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Subsidiaries may be required to compensate those suffering loss or damage by reason of their operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer, Acreage Holdings or any of the Subsidiaries and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Enforceability of Contracts

Since cannabis is illegal at a federal level, judges in multiple U.S. states have on several occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. Therefore, there is uncertainty that the Resulting Issuer, Acreage Holdings or any of the Subsidiaries will be able to legally enforce its material agreements.

Service Providers

As a result of any adverse change to the approach in enforcement of the U.S. cannabis laws, adverse regulatory or political changes, additional scrutiny by regulatory authorities, adverse changes in the public perception in respect to the consumption of cannabis or otherwise, third-party service providers to the Resulting Issuer, Acreage Holdings or any of the Subsidiaries could suspend or withdraw their services, which may have a material adverse effect on the business, revenues, operating results, financial condition or prospects of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries.

Operation Permits and Authorizations

The Subsidiaries may not be able to obtain or maintain the necessary licenses, permits, certificates, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Subsidiaries may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, certificates, authorizations or accreditations could result in restrictions on a Subsidiary's ability to operate in the cannabis industry, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer, Acreage Holdings and/or the Subsidiaries.

Liability, Enforcement Complaints, etc.

The participation of the Resulting Issuer, Acreage Holdings or the Subsidiaries in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against the Resulting Issuer, Acreage Holdings or any of the Subsidiaries. Litigation, complaints, and enforcement actions could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the future cash flows, earnings, results of operations and financial condition of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries.

Product Liability

Certain of the Subsidiaries manufacture, process and/or distribute products designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Resulting Issuer, Acreage Holdings and/or the Subsidiaries may be subject to various product liability claims, including, among others, that the products produced by them caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action could result in increased costs, could adversely affect the reputation of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries, and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries. There can be no assurances that product liability insurance will be obtained or maintained on acceptable terms or with adequate coverage against potential liabilities.

Product Recalls

Cultivators, manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Subsidiaries are recalled due to an alleged product defect or for any other reason, the Subsidiaries could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall and may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. Additionally, if one of the products produced by a Subsidiary were subject to recall, the image of that product and the Subsidiary and potentially the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Subsidiaries and could have a material adverse effect on its results of operations and financial condition as well as that of the Resulting Issuer and Acreage Holdings.

Risks Inherent in an Agricultural Business

Medical and adult-use cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases and similar agricultural risks. Although the products are usually grown indoors or green houses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on the production of the Subsidiaries' products and, consequentially, on the business, financial condition and operating results of the Resulting Issuer and Acreage Holdings.

Reliance on Key Inputs

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Subsidiaries, and consequently, the Resulting Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the relevant Subsidiary might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of a Subsidiary, and consequently, the Resulting Issuer and Acreage Holdings.

In addition, medical cannabis growing operations consume considerable energy, making the Subsidiaries vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Subsidiaries and their ability to operate profitably which may, in turn, adversely impact the Resulting Issuer.

Key Personnel

The success of the Resulting Issuer will depend on the abilities, experience, efforts and industry knowledge of senior management and other key employees of the Resulting Issuer and Acreage Holdings. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. If one or more of its executive officers or key personnel of the Resulting Issuer, Acreage Holdings or the Subsidiaries were unable or unwilling to continue in their present positions, the Resulting Issuer, Acreage Holdings or the relevant Subsidiary, as applicable, might not be able to replace them easily or at all. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on business, financial condition, results of operations or prospects. In addition, if any of the executive officers or key employees of the Resulting Issuer, Acreage Holdings or the Subsidiaries joins a competitor or forms a competing company, the Resulting Issuer, Acreage Holdings or the relevant Subsidiary may lose know-how, key professionals and staff members.

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States-Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time. Employees, directors and officers of the Resulting Issuer, Acreage Holdings and the Subsidiaries traveling from Canada to the United States for the benefit of the Resulting Issuer, Acreage Holdings or the Subsidiaries may encounter enhanced scrutiny by United States immigration authorities that may result in the employee not being permitted to enter the United States for a specified period of time. If this happens, then this may reduce the ability of the Resulting Issuer or Acreage Holdings to manage effectively its business in the United States.

Talent Pool

As the Resulting Issuer, Acreage Holdings and the Subsidiaries grow, they will need to hire additional human resources to continue to develop their businesses. However, experienced talent in the areas of medical cannabis research and development, growing cannabis and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable. Without adequate personnel and expertise, the growth of the business of the Resulting Issuer, Acreage Holdings or the Subsidiaries may suffer. There can be no assurance that any of the Resulting Issuer, Acreage Holdings or the Subsidiaries will be able to effectively manage growth, and any failure to do so could have a material adverse effect on the business, financial condition, results of operations or prospects of the Resulting Issuer, Acreage Holdings or the Subsidiaries.

Management of Growth

As the Resulting Issuer grows, the Resulting Issuer will also be required to hire, train, supervise and manage new employees. The Resulting Issuer may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Resulting Issuer's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations. Failure to effectively manage any future growth could have a material adverse effect on the Resulting Issuer's business, financial condition, and results of operations.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Resulting Issuer, Acreage Holdings and the Subsidiaries are exposed to the risk that any of their employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer, Acreage Holdings or any Subsidiary that violates, (i) government regulations, (ii) manufacturing standards, (iii) federal and provincial healthcare fraud and abuse laws and regulations, or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Resulting Issuer, Acreage Holdings or the Subsidiaries to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer, Acreage Holdings or the Subsidiaries from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, Acreage Holdings or any of the Subsidiaries, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business of the Resulting Issuer, Acreage Holdings or the Subsidiaries, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the operations of the Resulting Issuer, Acreage Holdings or the Subsidiaries, any of which could have a material adverse effect on the business, financial condition, results of operations or prospects of the Resulting Issuer, Acreage Holdings or any of the Subsidiaries.

Intellectual Property

The success of the Resulting Issuer and Acreage Holdings will depend, in part, on the ability of the Subsidiaries to maintain and enhance trade secret protection over their existing and potential proprietary techniques and processes. The Subsidiaries may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Subsidiaries. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions. Failure of the Subsidiaries to adequately maintain and enhance protection over their proprietary techniques and processes could have a materially adverse impact on the business, financial condition and operating results of the Resulting Issuer and Acreage Holdings.

The Resulting Issuer may be exposed to infringement or misappropriation claims by third parties

The Resulting Issuer's success may likely depend on the ability of the Subsidiaries to use and develop new extraction technologies, recipes, know-how and new strains of cannabis without infringing the intellectual property rights of third parties. The Resulting Issuer cannot ensure that third parties will not assert intellectual property claims against it. The Resulting Issuer is subject to additional risks if entities licensing to it intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Resulting Issuer, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Resulting Issuer may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Resulting Issuer to injunctions prohibiting the development and operation of its applications.

Insurance Coverage

There is a risk that a greater number of state regulatory agencies will begin requiring entities engaged in certain aspects of the business or industry of legal cannabis to post a bond or significant fees when applying for example for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. The Resulting Issuer is not able to quantify at this time the potential scope for such bonds or fees in the states in which it currently or may in the future have operations. Any bonds or fees of material amounts could have a negative impact on the ultimate success of the business of the Subsidiaries and Acreage Holdings, and consequently, the Resulting Issuer.

The Resulting Issuer's business will be subject to numerous risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although Acreage Holdings maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Acreage Holdings is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its business, results of operations, financial condition or prospects.

Litigation

Any of the Resulting Issuer, Acreage Holdings or the Subsidiaries may become party to litigation from time to time in the ordinary course of business which could adversely affect their businesses. Should any litigation in which any of the Resulting Issuer, Acreage Holdings or the Subsidiaries becomes involved be determined against them, such a decision could materially adversely affect the ability of the Resulting Issuer, Acreage Holdings or any Subsidiary to continue operating and the market price for Subordinate Voting Shares and could use significant resources. Even if any of the Resulting Issuer, Acreage Holdings or the Subsidiaries are involved in litigation and wins, litigation can redirect significant resources, which can adversely affect the business, operations or financial condition of the Resulting Issuer, Acreage Holdings and/or the Subsidiaries, as applicable.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Resulting Issuer's financial estimates, projections and other forward-looking information accompanying this Listing Statement were prepared without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Resulting Issuer and its Subsidiaries might achieve.

Internal Controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under Canadian securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Operational Risks

The Resulting Issuer, Acreage Holdings and the Subsidiaries may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Subsidiaries' properties, dispensary facilities, grow facilities and extraction facilities, personal injury or death, environmental damage, or have an adverse impact on the Subsidiaries' operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the future cash flows, earnings and financial condition of the Resulting Issuer, Acreage Holdings or the Subsidiaries. Also, the Subsidiaries may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on future cash flows, earnings, results of operations and financial condition of the Resulting Issuer, Acreage Holdings or the Subsidiaries.

Difficulty Implementing Business Strategy

The growth and expansion of the Resulting Issuer is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Resulting Issuer will be successful in the implementation of its business strategy.

Conflicts of Interest

Certain of the Resulting Issuer's proposed directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Resulting Issuer intends to provide. Situations may arise in connection with potential acquisitions or investment opportunities where the other interests of these directors and officers conflict with or diverge from the Resulting Issuer's interests. In accordance with applicable corporate law, directors who have a material interest in or who is a party to a material contract or a proposed material contract with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer. However, in conflict of interest situations, the Resulting Issuer's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Resulting Issuer. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Resulting Issuer.

Effect of General Economic and Political Conditions

The business of each of the Resulting Issuer, Acreage Holdings and the Subsidiaries, is subject to the impact of changes in national or North American economic conditions including, but not limited to, recessionary or inflationary trends, equity market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the business, financial condition, results of operations or prospects of the Resulting Issuer, Acreage Holdings and the Subsidiaries.

Lack of Control Over Operations of Investments

Although it is the intent of the Resulting Issuer to maintain control or superior rights, at the time of the listing, Acreage Holdings holds a non-controlling interest in certain subsidiaries and may co-invest in the future with certain strategic investors or third parties. In these circumstances, where Acreage Holdings does not have control over the operations of a Subsidiary, certain risks can arise. In these cases, Acreage Holdings relies on its investment partners to execute on their business plans and produce medical and/or recreational cannabis products. The operators of such Subsidiaries in which Acreage Holdings does not have a controlling interest may have a significant influence over the results of operations of Acreage Holdings' investments. Further, the interests of Acreage Holdings and the operators of such Subsidiaries in which Acreage Holdings does not have a controlling interest may not always be aligned. As a result, the cash flows of Acreage Holdings are dependent upon the activities of third parties which creates the risk that at any time those third parties may, (i) have business interests or targets that are inconsistent with those of Acreage Holdings, (ii) take action contrary to Acreage Holdings' policies or objectives, (iii) be unable or unwilling to fulfill their obligations under their agreements with Acreage Holdings, or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations.

In addition, payments may flow through such Subsidiaries over which Acreage Holdings does not exercise control and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which Acreage Holdings is entitled may have a material adverse effect on Acreage Holdings and, consequently, the Resulting Issuer. In addition, Acreage Holdings must rely, in part, on the accuracy and timeliness of the information it receives from such Subsidiaries, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by such Subsidiaries over which Acreage Holdings does not exercise control to Acreage Holdings contains material inaccuracies or omissions, Acreage Holdings' ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Information Technology Systems and Cyber Security Risk

The Subsidiaries' use of technology is critical in their respective continued operations. The Subsidiaries are susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Subsidiaries or their service providers can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of customer information or confidential information and reputational risk.

The Subsidiaries have not experienced any material losses to date relating to cybersecurity attacks or other information breaches. However, there can be no assurance that the Subsidiaries will not incur such losses in the future. As cybersecurity threats continue to evolve, the Subsidiaries may be required to use additional resources to continue to modify or enhance protective measures or to investigate security vulnerabilities.

Security Risks

The business premises of the Resulting Issuer's operating locations may be targets for theft. While the Subsidiaries have implemented security measures at each location and continue to monitor and improve their security measures, their cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and a Subsidiary fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of such Subsidiary and, consequentially, the Resulting Issuer and Acreage Holdings.

As the Subsidiaries' businesses involve the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into its bank, there is a risk of theft or robbery during the transport of cash. The Subsidiaries have engaged security firms to provide security in the transport and movement of large amounts of cash. Employees occasionally transport cash and/or products and each employee has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the Subsidiaries have taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Past Performance Not Indicative of Future Results

The prior investment and operational performance of Acreage Holdings is not indicative of the future operating results of the Resulting Issuer. There can be no assurance that the historical operating results achieved by Acreage Holdings or its affiliates will be achieved by the Resulting Issuer, and the Resulting Issuer's performance may be materially different.

Going Concern Risk

The Resulting Issuer will continually monitor its capital requirements based on its capital and operational needs and the economic environment and may raise new capital as necessary. The Resulting Issuer's ability to continue as a going concern will be the ability to realize profits from its operating company and or the ability to raise additional equity or debt in the private or public markets. While Acreage Holdings has been successful in raising equity and debt to date, there can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability in the future.

In the event that the Resulting Issuer is not able to successfully complete future financings, uncertainty would exist as to whether the Resulting Issuer, Acreage Holdings and the Subsidiaries can continue as a going concern and, therefore, whether they will realize their assets and extinguish their liabilities in the normal course of business.

Restricted Access to Banking

In February 2014, the FinCEN bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Resulting Issuer may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The inability or limitation in the Resulting Issuer's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Resulting Issuer to operate and conduct its business as planned or to operate efficiently.

Certain remedies may be limited

The Resulting Issuer's governing documents may provide that the Resulting Issuer Board and its officers is eliminated to the fullest extent permitted under the laws of the Province of British Columbia. Thus, the Resulting Issuer and the shareholders of the Resulting Issuer may be prevented from recovering damages for alleged errors or omissions made by the members of the Resulting Issuer Board and its officers. The Resulting Issuer's governing documents may also provide that the Resulting Issuer will, to the fullest extent permitted by law, indemnify members of the Resulting Issuer Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of the Resulting Issuer.

The Resulting Issuer may also have contractual indemnification obligations under any future employment agreements with its officers or agreements entered into with its directors. The foregoing indemnification obligations could result in it incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which the Resulting Issuer may be unable to recoup. These provisions and the resulting costs may also discourage it from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by its shareholders against its directors and officers even though such actions, if successful, might otherwise benefit it and its shareholder.

Difficulty in enforcing judgments and effecting service of process on directors and officers

Certain proposed directors and officers of the Resulting Issuer are expected to reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Resulting Issuer shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Resulting Issuer shareholders to effect service of process within Canada upon such persons.

Risks Related to the Offering and Ownership of the Resulting Issuer Shares

Voting Control

As a result of the Multiple Voting Shares anticipated to be held by Mr. Murphy, the Resulting Issuer's proposed Chief Executive Officer, he is expected to exercise a significant majority of the voting power in respect of the Resulting Issuer Shares outstanding upon completion of the RTO. The Subordinate Voting Shares are expected to be entitled to one vote per share, Proportionate Voting Shares are expected to be entitled to 40 votes per share, and the Multiple Voting Shares are expected to be entitled to up to 3,000 votes per share. As a result, Mr. Murphy is expected to have the ability to control the outcome of all matters submitted to the Resulting Issuer's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Resulting Issuer. This concentrated control could delay, defer, or prevent a change of control of the Resulting Issuer, arrangement or amalgamation involving the Resulting Issuer or sale of all or substantially all of the assets of the Resulting Issuer that its other shareholders support. Conversely, this concentrated control could allow Mr. Murphy, as the holder of the Multiple Voting Shares, to consummate such a transaction that the Resulting Issuer's other shareholders do not support. In addition, the holder of the Multiple Voting Shares may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Resulting Issuer's business.

Unpredictability Caused by Anticipated Capital Structure and Voting Control

Although other companies have dual class or multiple voting share structures, given the unique capital structure contemplated in respect of the Resulting Issuer and the concentration of voting control that is anticipated to be held by the holders of the Multiple Voting Shares, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Resulting Issuer or other adverse consequences.

Resale of Shares and Liquidity

There can be no assurance that an active and liquid market for the Subordinate Voting Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer. In addition, there can be no assurance that the publicly-traded share price of the Resulting Issuer will be high enough to create a positive return for investors. Further, there can be no assurance that the shares of the Resulting Issuer will be sufficiently liquid so as to permit investors to sell their position in the Resulting Issuer without adversely affecting the share price. In such event, the probability of resale of the Subordinate Voting Shares would be diminished.

An active public market for the Subordinate Voting Shares might not develop or be sustained after the completion of the listing of the Subordinate Voting Shares on the CSE. If an active public market for the Subordinate Voting Shares does not develop, the liquidity of a shareholder's investment may be limited, and the share price may decline.

Acreage Holdings is a Holding Company

Acreage Holdings is a holding company and essentially all of its assets are the capital stock of the Subsidiaries in each of the markets they operate in. As a result, investors in the Resulting Issuer will be subject to the risks attributable to the Subsidiaries. As a holding company, Acreage Holdings conducts substantially all of its business through the Subsidiaries, which generate substantially all of its revenues. Consequently, Acreage Holdings' cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of the Subsidiaries and the distribution of those earnings to Acreage Holdings. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those Subsidiaries before Acreage Holdings, which may have an adverse effect on the business, prospects, result of operation and financial condition of Acreage Holdings and, consequentially, the Resulting Issuer.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the U.S. and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in price of the Subordinate Voting Shares will not occur. The market price of the Subordinate Voting Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Resulting Issuer makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Subordinate Voting Shares.

Canada-United States Border Risks

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States-Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time. Canadian investors may encounter enhanced scrutiny by United States immigration authorities while traveling from Canada to the United States as a result of their investment in the Resulting Issuer, which may result in such investors not being permitted to enter the United States for a specified period of time.

Dividends

Holders of the Resulting Issuer Shares will not have a right to dividends on such shares unless declared by the Resulting Issuer Board. Acreage Holdings has not paid dividends in the past, and it is not anticipated that the Resulting Issuer will pay any dividends in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings. The declaration of dividends is at the discretion of the Resulting Issuer Board, even if the Resulting Issuer has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Resulting Issuer's financial results, cash requirements, future prospects and other factors deemed relevant by the Resulting Issuer Board.

Dilution

The Resulting Issuer may issue additional securities in the future, which may dilute a shareholder's holdings in the Resulting Issuer. The Resulting Issuer's articles will not permit the issuance of an unlimited number of Subordinate Voting Shares, and the Resulting Issuer's shareholders will not have pre-emptive rights in connection with any future issuances of securities by the Resulting Issuer. The Resulting Issuer Board has discretion to determine the price and the terms of further issuances. Moreover, additional Subordinate Voting Shares will be issued by the Resulting Issuer on the exercise of options under the New Omnibus Equity Plan, upon the exercise of the outstanding Warrants and upon the redemption of outstanding Units. Moreover, additional Subordinate Voting Shares will be issued by the Resulting Issuer on the exercise, conversion or redemption of certain outstanding securities of the Resulting Issuer, USCo, USCo2 and Acreage Holdings in accordance with their terms. The Resulting Issuer may also issue Subordinate Voting Shares to finance future acquisitions. Acreage cannot predict the size of future issuances of Subordinate Voting Shares or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and the Resulting Issuer may experience dilution in its revenue per share.

Costs of Maintaining a Public Listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Resulting Issuer may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Discretion in the Use of Proceeds

The Resulting Issuer intends to use the net proceeds from the Finco SR Financing as set forth under "-- *Purpose of Funds*"; however, management maintains discretion concerning the use of the net proceeds. Therefore, an investor will be relying on the judgment of management for the application of the proceeds of the Finco SR Financing. Management may use the net proceeds of the Finco SR Financing other than as described under the heading "-- *Purpose of Funds*" if management believes it would be in the Resulting Issuer's best interest to do so, which may be in ways that an investor may not consider desirable. If the Resulting Issuer does not apply these funds efficiently it may materially adversely affect the operational results and financial condition of the Resulting Issuer.

ERISA Imposes Additional Obligations on Certain Investors

In considering an investment in the Subscription Receipts, trustees, custodians, investment managers and fiduciaries of retirement and other plans subject to the fiduciary responsibility provisions of the ERISA or section 4975 of the Code, should consider, among other things: (1) whether an investment in the Subscription Receipts is in accordance with plan documents and satisfies the diversification requirements of sections 404(a)(1)(C) and 404(a)(1)(D) of ERISA, if applicable; (2) whether an investment in the Subscription Receipts will result in unrelated business taxable income to the plan; (3) whether the investment is prudent under section 404(a)(1)(B) of ERISA, if applicable, given the nature of an investment in, and the compensation structure of, the Resulting Issuer and the potential lack of liquidity of the Subscription Receipts; and (4) whether the Resulting Issuer or any of its affiliates is a fiduciary or party in interest to the plan. Fiduciaries and other persons responsible for the investment of certain governmental and church plans that are subject to any provision of federal, state, or local law that is substantially similar to the fiduciary responsibility provisions of Title I of ERISA or section 4975 of the Code that are considering the purchase of the Subscription Receipts should consider the applicability of the provisions of such similar law and whether the Subscription Receipts would be an appropriate investment under such similar law. The responsible fiduciary must take into account all of the facts and circumstances of the plan and of the investment when determining if a particular investment is prudent.

United States Tax Classification of the Resulting Issuer

Although the Resulting Issuer is and will continue to be a Canadian corporation, the Resulting Issuer intends to be treated as a United States corporation for United States federal income tax purposes under section 7874 of the Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Resulting Issuer is expected, regardless of any application of section 7874 of the Code, to be treated as being resident of Canada under the Tax Act. As a result, the Resulting Issuer will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Resulting Issuer will pay any dividends on the Subordinate Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Resulting Issuer will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty. These dividends may however qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty.

Because the Subordinate Voting Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Subordinate Voting Shares.

Acreage Holdings is treated as a U.S. domestic corporation for U.S. federal income tax purposes under section 7874 of the Code. As a U.S. domestic corporation for U.S. federal income tax purposes, the taxation of the Resulting Issuer's non-U.S. holders of the Resulting Issuer Shares upon a disposition of Subordinate Voting Shares generally depends on whether the Resulting Issuer is classified as a United States real property holding corporation (a "**USRPHC**") under the Code. The Resulting Issuer believes that it is not currently, and has never been, a USRPHC. However, the Resulting Issuer has not sought and does not intend to seek formal confirmation of its status as a non-USRPHC from the IRS. If the Resulting Issuer ultimately is determined by the IRS to constitute a USRPHC, its non-U.S. holders of the Resulting Issuer Shares may be subject to U.S. federal income tax on any gain associated with the disposition of the Subordinate Voting Shares.

For more detailed information, please see "*Other Material Facts - Certain United States Federal Income Tax Considerations*" and "*Other Material Facts - Certain Canadian Federal Income Tax Considerations*".

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Risks Related to the Resulting Issuer's Organizational Structure

The Resulting Issuer's principal asset after the completion of the RTO will be its indirect interest in Acreage Holdings and, accordingly, the Resulting Issuer will depend on distributions from Acreage Holdings to pay its taxes and expenses. Acreage Holdings' ability to make such distributions may be subject to various limitations and restrictions

Upon the completion of the RTO, the Resulting Issuer will be a holding company and will have no material assets other than its indirect ownership of Units. As such, the Resulting Issuer will have no independent means of generating revenue or cash flow. The Resulting Issuer has determined that Acreage Holdings will be a variable interest entity (a "**VIE**") and that it will be the primary beneficiary of Acreage Holdings. Accordingly, pursuant to the VIE accounting model, the Resulting Issuer will consolidate Acreage Holdings in its consolidated financial statements. In the event of a change in accounting guidance or amendments to the Third Amended and Restated LLC Agreement resulting in the Resulting Issuer no longer having a controlling interest in Acreage Holdings, the Resulting Issuer may not be able to consolidate Acreage Holdings' results of operations with its own, which would have a material adverse effect on the Resulting Issuer's results of operations. Moreover, the Resulting Issuer's ability to pay its taxes and operating expenses or declare and pay dividends in the future, if any, will be dependent upon the financial results and cash flows of Acreage Holdings and the Subsidiaries and distributions it receives indirectly from Acreage Holdings. There can be no assurance that any of Acreage Holdings or the Subsidiaries will generate sufficient cash flow to distribute funds to the Resulting Issuer or that applicable state law and contractual restrictions will permit such distributions.

Acreage Holdings will continue to be treated as a partnership for U.S. federal income tax purposes and, as such, will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to the holders of Units. Accordingly, holders of Units will incur income taxes on their allocable share of any net taxable income of Acreage Holdings. Under the terms of the Third Amended and Restated LLC Agreement, Acreage Holdings will be obligated to make tax distributions to holders of Units. USCO intends, as its manager, to cause Acreage Holdings to make cash distributions to the owners of Units in an amount sufficient to (i) fund their tax obligations in respect of taxable income allocated to them, and (ii) cover the operating expenses of USCo, USCo2 and the Resulting Issuer, including payments under the Tax Receivable Agreement. However, Acreage Holdings' ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would either violate any contract or agreement to which Acreage Holdings is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering Acreage Holdings insolvent. If the Resulting Issuer does not have sufficient funds to pay tax or other liabilities or to fund its operations, it may have to borrow funds, which could materially adversely affect its liquidity and financial condition and subject it to various restrictions imposed by any such lenders. In addition, if Acreage Holdings does not have sufficient funds to make distributions, the Resulting Issuer's ability to declare and pay cash dividends will also be restricted or impaired.

The Tax Receivable Agreement with Acreage Holdings, USCo and the Tax Receivable Recipients (as defined below) requires USCo to make cash payments to the Tax Receivable Recipients in respect of certain tax benefits to which USCo may become entitled, and USCo expects that the payments USCo will be required to make will be substantial.

Upon the closing of the RTO, USCo will be a party to the Tax Receivable Agreement with Acreage Holdings, the Founder, certain executive employees and profit interests holders of Acreage Holdings (the Founder, certain executive employees and profit interests holders of Acreage Holdings party to the Tax Receivable Agreement, the "**Tax Receivable Recipients**"). Under the Tax Receivable Agreement, USCo will be required to make cash payments to the Tax Receivable Recipients equal to 65% of the tax benefits, if any, that USCo actually realizes, or in certain circumstances is deemed to realize, as a result of (i) the increases in its share of the tax basis of assets of Acreage Holdings resulting from any redemptions or exchanges of Acreage Holdings Units from the Members, and (ii) certain other tax benefits related to USCo making payments under the Tax Receivable Agreement. Although the actual timing and amount of any payments that USCo makes to the Tax Receivable Recipients under the Tax Receivable Agreement will vary, it expects those payments will be significant. Any payments made by USCo to the Tax Receivable Recipients under the Tax Receivable Agreement may generally reduce the amount of overall cash flow that might have otherwise been available to it. Furthermore, USCo's future obligation to make payments under the Tax Receivable Agreement could make the Resulting Issuer a less attractive target for an acquisition. Payments under the Tax Receivable Agreement are not conditioned on any Tax Receivable Recipient's continued ownership of Units or the Resulting Issuer Shares after the RTO.

The actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the timing of redemptions or exchanges by the holders of Units, the amount of gain recognized by such holders of Units, the amount and timing of the taxable income USCo generates in the future, and the federal tax rates then applicable.

The Resulting Issuer's proposed Chief Executive Officer, Mr. Murphy, has control over all shareholder decisions because he controls a substantial majority of the combined voting power of the Resulting Issuer Shares. This will limit or preclude others' ability to influence corporate matters, including the election of directors, amendments of the Resulting Issuer's organizational documents and any merger, consolidation, sale of all or substantially all of its assets, or other major corporate transaction requiring shareholder approval

The Resulting Issuer's proposed Chief Executive Officer, Mr. Murphy, will own 100% of the Multiple Voting Shares, which are intended to provide voting control to Mr. Murphy. As a result, Mr. Murphy will have the ability to substantially control the Resulting Issuer, including the ability to control any action requiring the general approval of its shareholders, including the election of the Resulting Issuer Board, the adoption of amendments to its amended and restated certificate of incorporation and by-laws and the approval of any merger or sale of substantially all of its assets. This concentration of ownership and voting power may also delay, defer or even prevent an acquisition by a third party or other change of control of the Resulting Issuer and may make some transactions more difficult or impossible without his support, even if such events are in the best interests of minority shareholders. This concentration of voting power with Mr. Murphy may have a negative impact on the price of the Resulting Issuer Shares.

As the Resulting Issuer's Chief Executive Officer, Mr. Murphy will have control over the day-to-day management and the implementation of major strategic investments, subject to authorization and oversight by the Resulting Issuer Board. As a member of the Resulting Issuer Board, Mr. Murphy will owe fiduciary duties to the Resulting Issuer, including those of care and loyalty, and must act in good faith and with a view to the interests of the Resulting Issuer. However, British Columbia law provides that a director or officer shall not be personally liable to a corporation for a breach of fiduciary duty except for an act or omission constituting a breach and which involves intentional misconduct, fraud or a knowing violation of law. In addition, a director or officer is entitled to a presumption that he or she acted in good faith, on an informed basis and with a view to the interests of the corporation, and is not individually liable unless that presumption is found by a trier of fact to have been rebutted. As a shareholder, even a controlling shareholder, Mr. Murphy will be entitled to vote his shares, and shares over which he has voting control, in his own interests, which may not always be in the interests of the Resulting Issuer's shareholders generally. Because Mr. Murphy holds his economic interest in the Resulting Issuer's business through Acreage Holdings, rather than through the public company, he may have conflicting interests with holders of the Resulting Issuer Shares. For example, Mr. Murphy may have different tax positions from the Resulting Issuer, which could influence his decisions regarding whether and when the Resulting Issuer should dispose of assets or incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement, and whether and when the Resulting Issuer should undergo certain changes of control within the meaning of the Tax Receivable Agreement or terminate the Tax Receivable Agreement. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to the Resulting Issuer. In addition, the significant ownership of Mr. Murphy in the Resulting Issuer and his resulting ability to effectively control the Resulting Issuer may discourage someone from making a significant equity investment in the Resulting Issuer, or could discourage transactions involving a change in control, including transactions in which holders of the Resulting Issuer Shares might otherwise receive a premium for their shares over the then-current market price.

The Resulting Issuer's organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Tax Receivable Recipients that will not benefit the holders of the Resulting Issuer Shares to the same extent as it will benefit the Tax Receivable Recipients.

The Resulting Issuer's organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Tax Receivable Recipients that will not benefit the holders of the Resulting Issuer Shares to the same extent as it will benefit the Tax Receivable Recipients. Acreage Holdings will be a party to the Tax Receivable Agreement with USCo, and the Tax Receivable Recipients and it will provide for the payment by USCo to the Tax Receivable Recipients of 65% of the amount of tax benefits, if any, that it actually realizes, or in some circumstances is deemed to realize, as a result of (i) the increases in the tax basis of assets of Acreage Holdings resulting from any redemptions or exchanges of Units from the Acreage Holdings Members as described under Article XI of the Third Amended and Restated LLC Agreement, and (ii) certain other tax benefits related to USCo making payments under the Tax Receivable Agreement. An additional 20% of such tax benefits will be paid to certain executives of Acreage Holdings upon the Tax Receivable Bonus Plan. Although USCo will retain 15% of the amount of such tax benefits, this and other aspects of the Resulting Issuer's organizational structure may adversely impact the future trading market for the Subordinate Voting Shares.

In certain cases, payments under the Tax Receivable Agreement to the Tax Receivable Recipients may be accelerated or significantly exceed the actual benefits USCo realizes in respect of the tax attributes subject to the Tax Receivable Agreement

The Tax Receivable Agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control or if, at any time, USCo elects an early termination of the Tax Receivable Agreement, then its obligations, or its successor's obligations, under the Tax Receivable Agreement to make payments thereunder would be based on certain assumptions, including an assumption that USCo would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement.

As a result of the foregoing, (i) USCo could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual benefits it ultimately realizes in respect of the tax benefits that are subject to the Tax Receivable Agreement, and (ii) if it elects to terminate the Tax Receivable Agreement early, it would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, USCo's obligations under the Tax Receivable Agreement could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control of the Resulting Issuer. There can be no assurance that USCo will be able to fund or finance its obligations under the Tax Receivable Agreement.

USCo will not be reimbursed for any payments made to the Tax Receivable Recipients in the event that any tax benefits are disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that USCo determines, and the IRS or another tax authority may challenge all or part of the tax basis increases, as well as other related tax positions USCo takes, and a court could sustain such challenge. If the outcome of any such challenge would reasonably be expected to materially affect a recipient's payments under the Tax Receivable Agreement, then USCo will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of each Tax Receivable Recipient that directly or indirectly owns at least 10% of the outstanding Units. USCo will not be reimbursed for any cash payments previously made under the Tax Receivable Agreement in the event that any tax benefits initially claimed by USCo and for which payment has been made are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by USCo to a Tax Receivable Recipient will be netted against any future cash payments that USCo might otherwise be required to make under the terms of the Tax Receivable Agreement. However, USCo might not determine that USCo has effectively made an excess cash payment to a Tax Receivable Recipient for a number of years following the initial time of such payment and, if any of USCo tax reporting positions are challenged by a taxing authority, USCo will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. As a result, payments could be made under the Tax Receivable Agreement in excess of the tax savings that USCo realizes in respect of the tax attributes with respect to a Tax Receivable Recipient that are the subject of the Tax Receivable Agreement.

Fluctuations in the Resulting Issuer's tax obligations and effective tax rate and realization of the Resulting Issuer's deferred tax assets may result in volatility of the Resulting Issuer's operating results

The Resulting Issuer will be subject to taxes by the Canadian federal, state, local and foreign tax authorities, and the Resulting Issuer's tax liabilities will be affected by the allocation of expenses to differing jurisdictions. The Resulting Issuer records tax expenses based on estimates of future earnings, which may include reserves for uncertain tax positions in multiple tax jurisdictions, and valuation allowances related to certain net deferred tax assets. At any one time, many tax years may be subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these matters. The Resulting Issuer expects that throughout the year there could be ongoing variability in the quarterly tax rates as events occur and exposures are evaluated. The Resulting Issuer's future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of share-based compensation;
- changes in tax laws, regulations or interpretations thereof; or
- future earnings being lower than anticipated in countries where the Resulting Issuer has lower statutory tax rates and higher than anticipated earnings in countries where the Resulting Issuer has higher statutory tax rates.

In addition, the Resulting Issuer's effective tax rate in a given financial statement period may be materially impacted by a variety of factors including but not limited to changes in the mix and level of earnings, varying tax rates in the different jurisdictions in which the Resulting Issuer, Acreage Holdings and the Subsidiaries operate, fluctuations in valuation allowances, deductibility of certain items, or by changes to existing accounting rules or regulations. Further, tax legislation may be enacted in the future which could negatively impact the Resulting Issuer's current or future tax structure and effective tax rates. The Resulting Issuer, Acreage Holdings or any Subsidiary may be subject to audits of income, sales, and other transaction taxes by federal, state, local, and foreign taxing authorities. Outcomes from these audits could have an adverse effect on the Resulting Issuer's operating results and financial condition of the Resulting Issuer, Acreage Holdings or the Subsidiaries.

*If the Resulting Issuer were deemed to be an investment company under the U.S. Investment Company Act of 1940, as amended (the "**1940 Act**"), as a result of its ownership of Acreage Holdings, applicable restrictions could make it impractical for the Resulting Issuer to continue its business as contemplated and could have a material adverse effect on its business*

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. The Resulting Issuer does not believe it is an "investment company," as such term is defined in either of those sections of the 1940 Act.

The Resulting Issuer indirectly controls and operates Acreage Holdings. On that basis, the Resulting Issuer believes that its interest in Acreage Holdings is not an "investment security" as that term is used in the 1940 Act. However, if the Resulting Issuer were to cease participation in the management of Acreage Holdings, its interest in the Resulting Issuer could be deemed an "investment security" for purposes of the 1940 Act.

The Resulting Issuer and Acreage Holdings intend to conduct their operations so that the Resulting Issuer will not be deemed an investment company. However, if the Resulting Issuer were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on the Resulting Issuer's capital structure and the Resulting Issuer's ability to transact with affiliates, could make it impractical for the Resulting Issuer to continue its business as contemplated and could have a material adverse effect on the Resulting Issuer's business.

18. PROMOTERS

Mr. Murphy may be considered a promoter of the Resulting Issuer, as he has taken the initiative in reorganizing and financing the business of Acreage Holdings and the Resulting Issuer. Other than disclosed in this Listing Statement, there is nothing of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Murphy directly or indirectly from Acreage Holdings, the Resulting Issuer or from a Subsidiary, nor any assets, services or other consideration received or to be received by the Acreage Holdings, the Resulting Issuer or a Subsidiary in return. Other than disclosed in this Listing Statement, no asset has been acquired, within the two years before the date of this document, or is to be acquired by the Acreage Holdings, the Resulting Issuer or any Subsidiary, from Mr. Murphy. Additional information about Mr. Murphy is disclosed elsewhere in this Listing Statement, including in connection with his capacity as an officer and director of the Resulting Issuer. See Section *"Directors and Officers"* and *"Executive Compensation"* for further details.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

As of the date of this Listing Statement, aside from the legal proceeding summarized below, there is no legal proceeding material to, and no contemplated legal proceedings or regulatory actions known to be material to, any of Pubco, Acreage Holdings, the Resulting Issuer or any Subsidiary, or to which any of Pubco, Acreage Holdings, the Resulting Issuer or any Subsidiary is a party or of which any of their property is the subject matter.

On November 2, 2018, EPMMNY LLC ("**EPMMNY**") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC and Acreage Holdings. The Index Number for the action is 655480/2018. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

Acreage Holdings intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by Acreage Holdings. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

19.2 Regulatory actions

As of the date of this Listing Statement, none of Pubco, Acreage Holdings, the Resulting Issuer or any Subsidiary has been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial and territorial securities legislation or by a securities regulatory authority, within the three years immediately preceding the date hereof, nor has any party entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date hereof, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Resulting Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out elsewhere in this Listing Statement, no proposed director or executive officer of the Resulting Issuer or person or company that is expected to be a director or indirect beneficial owner of, or exercise direction or control over, more than 10 percent of any class or series of the voting securities of the Resulting Issuer immediately following completion of the RTO, or any Associate or Affiliate of the foregoing has or had any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, which has will materially affect the Resulting Issuer or any of its Subsidiaries.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

Prior to completion of the RTO, the auditors of Pubco were RSM Canada LLP, at its office located at 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7.

The auditors of Acreage Holdings are Macias Gini & O'Connell LLP, at its office located at 3000 S. Street, Suite 300, Sacramento, CA 95816.

The auditors of D&B Wellness, LLC are Sheehan & Company, C.P.A., P.C., at its office located at 165 Orinoco Drive, Brightwaters, NY, 11718.

The auditors of PWCT, WPMC, and PATCC are Davidson & Company LLP, Chartered Professional Accountants, P.O. Box 10372, Pacific Centre, 1200 - 609 Granville Street, Vancouver, BC, Canada, V7Y 1G6.

At the Pubco Meeting, the Pubco Shareholders approved the appointment of MNP LLP, Chartered Professional Accountants, at its office located at 111 Richmond St W #300, Toronto, ON M5H 2G4, Canada, as the auditors of the Resulting Issuer upon completion of the RTO.

21.2 Transfer Agents

The transfer agent and registrar of the Resulting Issuer's securities will be, Odyssey Trust Company, at its offices located at 835 - 409 Granville Street, Vancouver, British Columbia V6C 1T2.

22. MATERIAL CONTRACTS

22.1 Material Contracts

Except for contracts entered into by the Resulting Issuer in the ordinary course of business, set out below are the only material contracts entered into or currently anticipated to be entered into by the Resulting Issuer or a subsidiary of the Resulting Issuer within the two years before the date of Listing Statement:

(a) A&R LLC Agreement (see Section 10 above for further details);

(b) Acreage Support Agreement (see Section 10 above for further details);

(c) USCo2 Support Agreement (see Section 10 above for further details);

(d) Definitive Agreement;

(e) Tax Receivable Agreement (see Section 10 above for further details); and

(f) Coattail Agreement.

22.2 Unitholders' Agreement

A copy of the A&R LLC Agreement will be filed under the Resulting Issuer's profile on www.sedar.com.

23. INTEREST OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of Pubco, Acreage Holdings or of an Associate or Affiliate thereof and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of Pubco, Acreage Holdings or of an Associate or Affiliate thereof and no such person is a promoter of Pubco, Acreage Holdings or of an Associate or Affiliate thereof. RSM Canada LLP is independent of Pubco in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario. Macias Gini & O'Connell LLP, Sheehan & Company, C.P.A., P.C., and Davidson & Company LLP are all independent of Acreage Holdings, and have performed their services in accordance with the rules of professional conduct of International Auditing Standards.

24. OTHER MATERIAL FACTS

24.1 Certain United States Federal Income Tax Considerations

The following discussion is a summary of the material U.S. federal income tax considerations for U.S. Holders and Non-U.S. Holders (each as defined below) relating to the ownership and disposition of Subordinate Voting Shares, but does not purport to be a complete analysis of all potential tax matters for consideration. The effects of tax laws, including by way of example only certain U.S. estate and gift tax laws, and any applicable State, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, in each instance in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of Subordinate Voting Shares. The Resulting Issuer has not sought and will not seek any rulings from the IRS, or an opinion from legal counsel, regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of Subordinate Voting Shares.

This discussion is limited to U.S. Holders and Non-U.S. Holders that hold Subordinate Voting Shares after giving effect to the RTO and that hold Subordinate Voting Shares as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation holders who, or which, are:

- U.S. expatriates, former citizens of the U.S., or former long-term residents of the U.S.;
- subject to the alternative minimum tax or the tax on net investment income;
- holding Subordinate Voting Shares as part of a hedge, straddle, or as part of a conversion transaction or other integrated investment or risk reduction strategy or transaction;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities or foreign currencies, or that use the mark-to-market method of accounting for U.S. federal income tax purposes;
- "controlled foreign corporations", "passive foreign investment companies", or corporations that accumulate earnings to avoid, or which has the result of avoiding, U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- deemed to sell Subordinate Voting Shares under the constructive sale provisions of the Code;

- are required to accelerate the recognition of any item of gross income with respect to Subordinate Voting Shares as a result of such income being recognized on an applicable financial statement;
- persons who hold or receive Subordinate Voting Shares pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If an entity treated as a partnership for U.S. federal income tax purposes holds Subordinate Voting Shares, the tax treatment of a partner in such partnership generally will depend on the status of the partner, the activities of the entity treated as a partnership for U.S. federal income tax purposes, and certain determinations made at the partner level. Accordingly, entities treated as partnerships holding Subordinate Voting Shares and the partners in such entities should consult their own tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. RESULTING ISSUER SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SUBORDINATE VOTING SHARES ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a U.S. Holder

For purposes of this discussion, a "U.S. Holder" is any beneficial owner of Subordinate Voting Shares after giving effect to the RTO that is, for U.S. federal income tax purposes:

- an individual who is a U.S. resident (discussed below) or U.S. citizen;
- a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S., any State within the U.S. or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that either (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

With respect to the first bullet point above, an individual is generally treated as a resident of the U.S. in any calendar year for U.S. federal income tax purposes if the individual either (i) is the holder of a green card, generally during any point of such year, or (ii) is present in the U.S. for at least 31 days in that calendar year, and for an aggregate of at least 183 days during the three-year period ending on the last day of the current calendar year. For purposes of the 183-day calculation (often referred to as the Substantial Presence Test), all of the days present in the U.S. during the current year, one-third of the days present in the U.S. during the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Residents are generally treated for U.S. federal income tax purposes as if they were U.S. citizens.

Tax Classification as a U.S. Domestic Corporation

As a result of the RTO, pursuant to Section 7874(b) of the Code and the Treasury Regulations promulgated thereunder, notwithstanding that the Resulting Issuer is organized under the provisions of the BCBCA, solely for U.S. federal income tax purposes, it is anticipated that the Resulting Issuer will be treated as a U.S. domestic corporation.

The Resulting Issuer anticipates that it will experience a number of significant and complicated U.S. federal income tax consequences as a result of being treated as a U.S. domestic corporation for U.S. federal income tax purposes, and this summary does not attempt to describe all such U.S. federal income tax consequences. Section 7874 of the Code and the Treasury Regulations promulgated thereunder do not address all the possible tax consequences that arise from the Resulting Issuer being treated as a U.S. domestic corporation for U.S. federal income tax purposes. Accordingly, there may be additional or unforeseen U.S. federal income tax consequences to the Resulting Issuer that are not discussed in this summary.

Generally, the Resulting Issuer will be subject to U.S. federal income tax on its worldwide taxable income (regardless of whether such income is "U.S. source" or "foreign source") and will be required to file a U.S. federal income tax return annually with the IRS. The Resulting Issuer anticipates that it will also be subject to tax in Canada. It is unclear how the foreign tax credit rules under the Code will operate in certain circumstances, given the treatment of the Resulting Issuer as a U.S. domestic corporation for U.S. federal income tax purposes and the taxation of the Resulting Issuer in Canada. Accordingly, it is possible that the Resulting Issuer will be subject to double taxation with respect to all or part of its taxable income. It is anticipated that such U.S. and Canadian tax treatment will continue indefinitely and that the Subordinate Voting Shares will be treated indefinitely as shares in a U.S. domestic corporation for U.S. federal income tax purposes, notwithstanding future transfers. The remainder of this summary assumes that the Resulting Issuer will be treated as a U.S. domestic corporation for U.S. federal income tax purposes.

Tax Considerations for U.S. Holders

Distributions

Distributions of cash or property on Subordinate Voting Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from the Resulting Issuer's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Dividends will generally be taxable to a non-corporate U.S. Holder at the preferential rates applicable to long-term capital gains, provided that such holder meets certain holding period and other requirements. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a U.S. Holder's adjusted tax basis in its Subordinate Voting Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "-- *Sale or Other Taxable Disposition*" below.

Dividends received by corporate U.S. Holders may be eligible for a dividends received deduction, subject to certain restrictions relating to, among others, the corporate U.S. Holder's taxable income, holding period and debt financing.

Sale or Other Taxable Disposition

Upon the sale or other taxable disposition of Subordinate Voting Shares, a U.S. Holder will generally recognize capital gain or loss equal to the difference between (i) the amount realized by such U.S. Holder in connection with such sale or other taxable disposition, and (ii) such U.S. Holder's adjusted tax basis in such stock. Such capital gain or loss will generally be long-term capital gain or loss if the U.S. Holder's holding period respecting such stock is more than twelve months. U.S. Holders who are individuals are eligible for preferential rates of taxation respecting their long-term capital gains. Deductions for capital losses are subject to limitations.

Foreign Tax Credit Limitations

Because it is anticipated that the Resulting Issuer will be subject to tax both as a U.S. domestic corporation and as a Canadian corporation, a U.S. Holder may pay, through withholding, Canadian tax, as well as U.S. federal income tax, with respect to dividends paid on its Subordinate Voting Shares. For U.S. federal income tax purposes, a U.S. Holder may elect for any taxable year to receive either a credit or a deduction for all foreign income taxes paid by the holder during the year. Complex limitations apply to the foreign tax credit, including a general limitation that the credit cannot exceed the proportionate share of a taxpayer's U.S. federal income tax that the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income. In applying this limitation, items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. The status of the Resulting Issuer as a U.S. domestic corporation for U.S. federal income tax purposes will cause dividends paid by the Resulting Issuer to be treated as U.S. source rather than foreign source for this purpose. As a result, a foreign tax credit may be unavailable for any Canadian tax paid on dividends received from the Resulting Issuer. Similarly, to the extent a sale or disposition of the Subordinate Voting Shares by a U.S. Holder results in Canadian tax payable by the U.S. Holder (for example, because the Subordinate Voting Shares constitute taxable Canadian property within the meaning of the Tax Act), a U.S. foreign tax credit may be unavailable to the U.S. Holder for such Canadian tax. In each case, however, the U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not elected to credit other foreign taxes during the same taxable year.

The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisors regarding these rules.

Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or the amount of proceeds paid in foreign currency on the sale, exchange or other taxable disposition of Subordinate Voting Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Information Reporting and Backup Withholding

U.S. backup withholding (currently at a rate of 24%) is imposed upon certain payments to persons that fail (or are unable) to furnish the information required pursuant to U.S. information reporting requirements. Distributions to U.S. Holders will generally be exempt from backup withholding, provided the U.S. Holder meets applicable certification requirements, including providing a U.S. taxpayer identification number on a properly completed IRS Form W-9, or otherwise establishes an exemption. The Resulting Issuer must report annually to the IRS and to each U.S. Holder the amount of distributions and dividends paid to that U.S. Holder and the proceeds from the sale or other disposition of Subordinate Voting Shares, unless such U.S. Holder is an exempt recipient.

Backup withholding does not represent an additional tax. Any amounts withheld from a payment to a U.S. Holder under the backup withholding rules will generally be allowed as a credit against such U.S. Holder's U.S. federal income tax liability, and may entitle such U.S. Holder to a refund, provided the required information and returns are timely furnished by such U.S. Holder to the IRS.

Tax Considerations for Non-U.S. Holders

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of Subordinate Voting Shares after giving effect to the RTO that is neither a "U.S. Holder" nor an entity treated as a partnership for U.S. federal income tax purposes.

Distributions

Distributions of cash or property on Subordinate Voting Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from the Resulting Issuer's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its Subordinate Voting Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "-- *Sale or Other Taxable Disposition*" below.

Subject to the discussions under "-- *Information Reporting and Backup Withholding*" and under "-- *FATCA*" below, any dividend paid to a Non-U.S. Holder of Subordinate Voting Shares that is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S. will be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified under an applicable income tax treaty. In order to receive a reduced treaty rate, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or an appropriate successor form), properly certifying such holder's eligibility for the reduced rate. If a Non-U.S. Holder holds Subordinate Voting Shares through a financial institution or other agent acting on the Non-U.S. Holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to such agent, and the Non-U.S. Holder's agent will then be required to provide such (or a similar) certification to us, either directly or through other intermediaries. A Non-U.S. Holder that does not timely furnish the required certification, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder) generally will be exempt from the withholding tax described above and instead will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if the Non-U.S. Holder were a U.S. person. In such case, the Resulting Issuer will not have to withhold U.S. federal tax so long as the Non-U.S. Holder timely complies with the applicable certification and disclosure requirements. In order to obtain this exemption from withholding tax, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8ECI properly certifying its eligibility for such exemption. Any such effectively connected dividends received by a corporate Non-U.S. Holder may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items. Non-U.S. Holders should consult their own tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

Subject to the discussions under "-- *Information Reporting and Backup Withholding*" and under "-- *FATCA*" below, any gain realized on the sale or other disposition of Subordinate Voting Shares by a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder);
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met; or
- the rules of the Foreign Investment in Real Property Tax Act of 1980 ("**FIRPTA**") apply to treat the gain as effectively connected with a U.S. trade or business.

A Non-U.S. Holder who has gain that is described in the first bullet point immediately above will be subject to U.S. federal income tax on the gain derived from the sale or other disposition pursuant to regular graduated U.S. federal income tax rates in the same manner as if it were a U.S. person. In addition, a corporate Non-U.S. Holder described in the first bullet point immediately above may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits (or at such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items.

A Non-U.S. Holder who meets the requirements described in the second bullet point immediately above will be subject to a flat 30% tax (or a lower tax rate specified by an applicable tax treaty) on the gain derived from the sale or other disposition, which gain may be offset by certain U.S. source capital losses (even though the individual is not considered a resident of the U.S.), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, pursuant to FIRPTA, in general, a Non-U.S. Holder is subject to U.S. federal income tax in the same manner as a U.S. Holder on any gain realized on the sale or other disposition of a "U.S. real property interest" ("**USRPI**"). For purposes of these rules, a USRPI generally includes stock in a U.S. corporation (like Subordinate Voting Shares) assuming the U.S. corporation's interests in U.S. real property constitute 50% or more, by value, of the sum of the U.S. corporation's (i) assets used in a trade or business, (ii) U.S. real property interests, and (iii) interests in real property outside of the U.S. A U.S. corporation whose interests in U.S. real property constitute 50% or more, by value, of the sum of such assets is commonly referred to as a USRPHC. The Resulting Issuer is not, and does not anticipate becoming as a result of the RTO, a USRPHC.

Information Reporting and Backup Withholding

With respect to distributions and dividends on Subordinate Voting Shares, the Resulting Issuer must report annually to the IRS and to each Non-U.S. Holder the amount of distributions and dividends paid to such Non-U.S. Holder and any tax withheld with respect to such distributions and dividends, regardless of whether withholding was required with respect thereto. Copies of the information returns reporting such dividends and distributions and withholding also may be made available to the tax authorities in the country in which the Non-U.S. Holder resides or is established under the provisions of an applicable income tax treaty, tax information exchange agreement or other arrangement. A Non-U.S. Holder will be subject to backup withholding for dividends and distributions paid to such Non-U.S. Holder unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

With respect to sales or other dispositions of Subordinate Voting Shares, information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of Subordinate Voting Shares within the U.S. or conducted through certain U.S.-related financial intermediaries, unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

Whether with respect to distributions and dividends, or the sale or other disposition of Subordinate Voting Shares, backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

FATCA

Withholding taxes may be imposed pursuant to FATCA (Sections 1471 through 1474 of the Code) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, except as discussed below, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition (including certain distributions treated as a sale or other disposition) of, Subordinate Voting Shares paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code).

Such 30% FATCA withholding will not apply to a foreign financial institution if such institution undertakes certain diligence and reporting obligations, or otherwise qualifies for an exemption from these rules. The diligence and reporting obligations include, among others, entering into an agreement with the U.S. Department of Treasury pursuant to which the foreign financial institution must (i) undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), (ii) annually report certain information about such accounts, and (iii) withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

The 30% FATCA withholding will not apply to a non-financial foreign entity which either certifies that it does not have any "substantial United States owners" (as defined in the Code), furnishes identifying information regarding each substantial United States owner, or otherwise qualifies for an exemption from these rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA (i) generally applies currently to payments of dividends on Subordinate Voting Shares, and (ii) will apply to payments of gross proceeds from the sale or other disposition of such stock (including certain distributions treated as a sale or other disposition) on or after January 1, 2019.

24.2 Certain Canadian Federal Income Tax Considerations

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable to a shareholder who holds Subordinate Voting Shares and who at all relevant times, for purposes of the Tax Act holds the Subordinate Voting Shares as capital property and deals at arm's length with the Resulting Issuer and is not affiliated with the Resulting Issuer (a "**Holder**"). Generally, the Subordinate Voting Shares will be considered to be capital property to a Holder unless they are held or acquired in the course of carrying on a business of trading in or dealing in securities or as part of an adventure or concern in the nature of trade.

This summary is based on the facts set out in this prospectus, the current provisions of the Tax Act (including the regulations thereunder), all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) ("**Tax Proposals**") before the date of this prospectus, the current published administrative policies and assessing practices of the Canada Revenue Agency and the Canada-United States Tax Convention (1980), as amended (the "**Treaty**"). No assurance can be made that the Tax Proposals will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial, or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of a Subordinate Voting Share, and no representation concerning the tax consequences to any particular Holder or prospective Holder are made. Accordingly, Holders of Subordinate Voting Shares should consult their own tax advisors with respect to an investment in the Subordinate Voting Shares having regard to their particular circumstances.

Holders Resident in Canada

This portion of the summary applies to a Holder who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada (a "**Canadian Holder**"). Canadian Holders whose Subordinate Voting Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Subordinate Voting Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Canadian Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Where a Canadian Holder makes an election with the Resulting Issuer under section 85 of the Tax Act, the Subordinate Voting Shares received will not be "Canadian securities" to such holder and will not be deemed to be capital property under subsection 39 (4) of the Tax Act. Canadian Holders should consult their own tax advisors with respect to whether the election is available and advisable in their particular circumstances.

This summary is not applicable to: (a) a Canadian Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, (b) a Canadian Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act, (c) a Canadian Holder that is a "specified financial institution" as defined in the Tax Act, or (d) a Canadian Holder which has made an election under the Tax Act to determine its Canadian tax results in a foreign currency. This summary does not apply to a Canadian Holder who has entered or will enter into a "derivative forward agreement" under the Tax Act with respect to Subordinate Voting Shares. This summary does not address the possible application of the "foreign affiliate dumping" rules that may be applicable to a Canadian Holder that is a corporation resident in Canada (for the purposes of the Tax Act) and is, or becomes, or does not deal at arm's length with a corporation resident in Canada that is, or that becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Subordinate Voting Shares, controlled by a non-resident corporation for purposes of the rules in section 212.3 of the Tax Act. Any such Canadian Holder to which this summary does not apply should consult its own tax advisor.

Dividends on Subordinate Voting Shares

In the case of a Canadian Holder who is an individual, dividends received or deemed to be received on the Subordinate Voting Shares will be included in computing the Canadian Holder's income and will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by the Resulting Issuer, any such dividend will be treated as an "eligible dividend" for the purposes of the Tax Act and a Canadian Holder who is an individual will be entitled to an enhanced dividend tax credit in respect of such dividend. There may be limitations on the Resulting Issuer's ability to designate dividends and deemed dividends as eligible dividends.

Dividends received or deemed to be received on the Subordinate Voting Shares by a Canadian Holder that is a corporation will be required to be included in computing the corporation's income for the taxation year in which such dividends are received, but such dividends will generally be deductible in computing the corporation's taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Canadian Holder that is a corporation as proceeds of disposition or a capital gain. Canadian Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Canadian Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Subordinate Voting Shares to the extent that such dividends are deductible in computing the Canadian Holder's taxable income for the taxation year.

Dividends received by a Canadian Holder who is an individual (including certain trusts) may result in such Canadian Holder being liable for minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

A Canadian Holder may be subject to United States withholding tax on dividends received on the Subordinate Voting Shares (see "*Certain United States Federal Tax Considerations*"). Any United States withholding tax paid by or on behalf of a Canadian Holder in respect of dividends received on the Subordinate Voting Shares by a Canadian Holder may be eligible for foreign tax credit or deduction treatment where applicable under the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Dividends received on the Subordinate Voting Shares by a Canadian Holder may not be treated as income sourced in the United States for these purposes. Canadian Holders should consult their own tax advisors with respect to the availability of any foreign tax credits or deductions under the Tax Act in respect of any United States withholding tax applicable to dividends on the Subordinate Voting Shares.

Dispositions of Subordinate Voting Shares

Upon a disposition or deemed disposition of Subordinate Voting Shares, a capital gain (or loss) will generally be realized by a Canadian Holder to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of the Subordinate Voting Shares to the Canadian Holder immediately before the disposition and any reasonable costs of disposition. The adjusted cost base of a Subordinate Voting Share to a Canadian Holder will be determined in accordance with the Tax Act by averaging the cost to the Canadian Holder of a Subordinate Voting Share with the adjusted cost base of all other Subordinate Voting Shares held by the Canadian Holder as capital property. Such capital gain (or capital loss) will be subject to the treatment described below under "*Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

One-half of a capital gain (a "**taxable capital gain**") must be included in a Canadian Holder's income. One-half of a capital loss (an "**allowable capital loss**") will generally be deductible by a Canadian Holder against taxable capital gains realized in that year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or in any subsequent year (against taxable capital gains realized in such years) to the extent and under the circumstances described in the Tax Act. If the Canadian Holder is a corporation, any such capital loss realized on the sale of shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules apply to a partnership or certain trusts of which a corporation is a member or beneficiary. Taxable capital gains realized by a Canadian Holder who is an individual may give rise to alternative minimum tax depending on the Canadian Holder's circumstances. A ''Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income, including an amount in respect of a taxable capital gain arising from the disposition of a Subordinate Voting Share.

A Canadian Holder may be subject to United States tax on a gain realized on the disposition of a Subordinate Voting Share (see "*Certain United States Federal Tax Considerations*"). United States tax, if any, levied on any gain realized on a disposition of a Subordinate Voting Share may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Gains realized on the disposition of a Subordinate Voting Share by a Canadian Holder may not be treated as income sourced in the United States for these purposes. Canadian Holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regard to their own particular circumstances.

Non-Canadian Holders

This section of the summary applies to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not, and is not deemed to be, resident in Canada, and does not use or hold, and is not deemed to use or hold, the Subordinate Voting Shares in the course of carrying on a business in Canada (a "**Non-Canadian Holder**"). This section does not apply to an insurer who carries on an insurance business in Canada and elsewhere. Such Non-Canadian Holders should consult their own tax advisors.

Dividends on Subordinate Voting Shares

Dividends paid or credited or deemed to be paid or credited to a Non-Canadian Holder on the Subordinate Voting Shares will be subject to Canadian withholding tax. The Tax Act imposes withholding tax at a rate of 25% on the gross amount of the dividend, although such rate may be reduced by virtue of an applicable tax treaty. For example, under the Treaty, where dividends on the Subordinate Voting Shares are considered to be paid to a Non-Canadian Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to all of the benefits of, the Treaty, the applicable rate of Canadian withholding tax is generally reduced to 15%. The Resulting Issuer will be required to withhold the applicable withholding tax from any dividend and remit it to the Canadian government for the Non-Canadian Holder's account.

Dispositions of Subordinate Voting Shares

A Non-Canadian Holder who disposes of or is deemed to have disposed of a Subordinate Voting Share will not be subject to income tax under the Tax Act unless the Subordinate Voting Share is, or is deemed to be, "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Canadian Holder.

Generally, provided that the Subordinate Voting Shares are, at the time of disposition, listed on a "designated stock exchange" (which currently includes the CSE), the Subordinate Voting Shares will not constitute taxable Canadian property of a Non-Canadian Holder unless, at any time during the 60-month period immediately preceding the disposition the following two conditions were met: (i) 25% or more of the issued shares of any class or series of the capital stock of the Resulting Issuer were owned by one or any combination of (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder did not deal at arm's length (for the purposes of the Tax Act), and (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the Subordinate Voting Shares was derived, directly or indirectly, from one or any combination of: (a) real or immovable property situated in Canada, (b) Canadian resource property (as defined in the Tax Act), (c) timber resource property (as defined in the Tax Act) or (d) options in respect of, or interests in any of, the foregoing property, whether or not such property exists. Non-Canadian Holders for whom the Subordinate Voting n Shares are, or may be, taxable Canadian property should consult their own tax advisors.

In the event that a Subordinate Voting Share constitutes taxable Canadian property of a Non-Canadian Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act pursuant to an applicable income tax treaty or convention, the income tax consequences discussed above for Canadian Holders under "*Holders Resident in Canada - Dispositions of Subordinate Voting Shares*" will generally apply to the Non-Canadian Holder. Non-Canadian Holders should consult their own tax advisor in this regard.

Eligibility for Investment

Provided that the Subordinate Voting Shares are listed on a designated stock exchange within the meaning of the Tax Act (which currently includes the CSE), the Subordinate Voting Shares will be qualified investments for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account (each a ''**Registered Plan**") or a deferred profit sharing plan, each as defined in the Tax Act.

Notwithstanding the foregoing, the annuitant, holder or subscriber of a Registered Plan, as the case may be, (each, a "**Registered Holder**" and collectively, the "**Registered Holders**") will be subject to a penalty tax if the Subordinate Voting Shares held in a Registered Plan are a "prohibited investment" for the purpose of the Tax Act. The Subordinate Voting Shares will generally be a "prohibited investment" for a particular Registered Plan if a Registered Holder in respect thereof has a "significant interest" (as defined in the Tax Act) in the Resulting Issuer or does not deal at arm's length with the Resulting Issuer for the purposes of the Tax Act. The Subordinate Voting Shares will not be a prohibited investment if they are "excluded property" as defined in the Tax Act for trusts governed by a Registered Plan.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. Holders who intend to hold Subordinate Voting Shares in a Registered Plan should consult their own tax advisors having regard to their own particular circumstances.

24.3 Other Material Facts

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Resulting Issuer and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities.

25. ENFORCEMENT OF JUDGEMENTS

All of the Resulting Issuer's operations and assets will be located outside of Canada and each of its directors and officers, except Mr. Mulroney, reside outside of Canada. Accordingly, it may not be possible for investors to enforce against such person's judgements obtained in Canadian courts predicated on the civil liability provisions of applicable securities laws in Canada. Investors are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

26. FINANCIAL STATEMENTS

Please refer to Schedule "A" for Pubco's annual audited financial statements for the years ended August 31, 2018 and 2017.

Please refer to Schedule “C” for Acreage Holdings’ annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “E” for Acreage Holdings’ interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “H” for D&B Wellness LLC’s annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “J” for D&B Wellness LLC’s interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “L” for Prime Wellness of Connecticut, LLC’s annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “N” for Prime Wellness of Connecticut, LLC’s interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “P” for The Wellness & Pain Management Connection, LLC’s annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “R” for The Wellness & Pain Management Connection, LLC’s interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “T” for Prime Alternative Treatment Center Consulting, LLC’s annual audited financial statements for the years ended December 31, 2017 and 2016 and to Schedule “V” for Prime Alternative Treatment Center Consulting, LLC’s interim financial statements for the three and six months ended June 30, 2018 and 2017.

Please refer to Schedule “G” for pro forma financial statements of the Resulting Issuer.

CERTIFICATE OF ACREAGE HOLDINGS

Pursuant to a resolution duly passed by its Members, High Street Capital Partners, LLC, hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to High Street Capital Partners, LLC. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at New York, New York

this 14th day of November, 2018.

"Kevin Murphy"
Kevin Murphy
Chief Executive Officer

"Glen Leibowitz"
Glen Leibowitz
Chief Financial Officer

HIGH STREET CAPITAL PARTNERS MANAGEMENT LLC, as managing member of HIGH STREET CAPITAL PARTNERS, LLC

By:

"Kevin Murphy"
Name: Kevin Murphy
Title: Managing Member

"Kevin Murphy"
Kevin Murphy
Promoter

CERTIFICATE OF ACREAGE HOLDINGS, INC.

The foregoing contains full, true and plain disclosure of all material information relating to Acreage Holdings, Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made relating to Acreage Holdings, Inc.

Dated at Toronto, Ontario

this 14th day of November, 2018.

"Michael Stein"	*"Gabriel Nachman"*
Michael Stein	Gabriel Nachman
President & Secretary	Chief Financial Officer
"Nicholas T. Hariton"	*"Barry Polisuk"*
Nicholas T. Hariton	Barry Polisuk
Director	Director

Schedule "A"

PUBCO'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

(see attached)

Applied Inventions Management Corp.

Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the Years Ended August 31, 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Applied Inventions Management Corp.

We have audited the accompanying consolidated financial statements of Applied Inventions Management Corp. and its subsidiaries, which comprise the consolidated balance sheets as at August 31, 2018 and August 31, 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended August 31, 2018 and August 31,2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Applied Inventions Management Corp. as at August 31, 2018 and August 31, 2017, and its financial performance and its cash flows for the years ended August 31, 2018 and August 31, 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes material uncertainties that may cast significant doubt about Applied Inventions Management Corp.'s ability to continue as a going concern.

Chartered Professional Accountants
Licensed Public Accountants
October 22, 2018, except Note 14, which is as of January 29, 2019
Toronto, Ontario

Applied Inventions Management Corp.
Consolidated Balance Sheets
(Expressed in Canadian Dollars)
As at August 31

		2018		2017
Assets				
Current				
Cash	**$**	**799**	$	599
Accounts receivable		**28,243**		–
	$	**29,042**	$	599
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 3)	**$**	**106,142**	$	94,693
Shareholder advances (Note 4)		**147,244**		89,056
Subordinate voting debenture (Note 5)		–		331,875
		253,386		515,624
Subordinate voting debenture (Note 5)		**304,348**		–
		557,734		515,624
Shareholders' Deficiency				
Capital stock (Note 6)		**2,520,946**		2,520,946
Contributed surplus		**806,381**		749,685
Warrant capital (Note 5 and 8)		**46,323**		46,323
Equity component of convertible debentures (Note)		**14,429**		68,108
Deficit		**(3,916,771)**		(3,900,087)
		(528,692)		(515,025)
	$	**29,042**	$	599

***Nature of Business and Going* Concern** *(Note 1)*

Subsequent Event *(Note 13)*

Approved by the Board **"Michael Stein"** Director **(Signed)** **" Gabriel Nachman"** Director **(Signed)**

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Years Ended August 31

		2018		2017
Expenses				
Accretion expense	**$**	**21,616**	$	71,972
Bank charges		**131**		215
Interest on debenture and shareholder advances (Notes 4, 5 and 10)		**48,801**		63,639
Gain on extinguishment of Subordinate voting debenture (Note 5)		**(120,631)**		–
Professional fees		**106,963**		51,554
Professional fees and expense recovery		**(43,213)**		–
Stock based compensation		**3,017**		–
Net Loss and comprehensive loss for the year	**$**	**16,684**	$	187,380
Loss per share				
Basic and diluted	**$**	**0.002**	$	0.058
Weighted average number of common shares outstanding				
Basic and diluted		**8,228,034**		3,216,607

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
Years Ended August 31,2018 and 2017

	Capltal Stock (Note 6)	Contributed Surplus	Warrant Capital	Equity Component of Convertible Debentures	Deficit	Total
Balance, September 1, 2016	**$ 2,192,923**	**$ 731,785**	**$ –**	**$ 128,048**	**$ (3,712,707)**	**$ (659,951)**
Net Loss and comprehensive loss	–	–	–	–	(187,380)	(187,380)
Settlement of debt with shareholder	–	17,900	–	–	–	17,900
Conversion of multiple voting debentures (Note 5)	**328,023**	–	46,323	(59,940)	–	314,406
Balance, August 31, 2017	**$ 2,520,946**	**$ 749,685**	**$ 46,323**	**$ 68,108**	**$ (3,900,087)**	**$ (515,025)**
Net Loss and comprehensive loss	–	–	–	–	**(16,684)**	**(16,684)**
Stock based compensation	–	**3,017**	–	–	–	**3,017**
Extinguishment of Subordinate voting debenture (Note 5)	–	**53,679**	–	**(53,679)**	–	–
Balance, August 31, 2018	**$ 2,520,946**	**$ 806,381**	**$ 46,323**	**$ 14,429**	**$ (3,916,771)**	**$ (528,692)**

See accompanying notes

Applied Inventions Management Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Years Ended August 31

		2018		2017
Cash provided by (used in)				
Operations				
Net loss and comprehensive loss	**$**	**(16,684)**	$	(187,380)
Items not affecting cash				
Interest accrued on debentures and shareholder advances		**48,801**		63,639
Shareholder payment of professional fees		**44,768**		10,494
Accretion expense		**21,616**		71,972
Gain on extinguishment of debenture		**(120,631)**		–
Stock based compensation		**3,017**		–
		(19,113)		(41,275)
Net changes in non-cash working capital				
Accounts receivable		**(28,243)**		–
Accounts payable and accrued liabilities		**46,356**		37,048
		(1,000)		(4,227)
Financing				
Shareholder advances		**1,200**		4,100
Net change In cash		**200**		(127)
Cash, beginning of year		**599**		726
Cash, end of year	**$**	**799**	$	599

See accompanying notes

1. NATURE OF BUSINESS AND GOING CONCERN

Applied Inventions Management Corp. (the "Company"), is incorporated under the laws of the Province of Ontario. The Company has no assets other than a minimal amount of cash. The Company carries on the business of identification and evaluation of assets or businesses with a view to completing a potential transaction.

The registered office of the Company is located at 1 Adelaide Street East Suite 801 Toronto, Ontario M5C 2V9.

While these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that may cast significant doubt on the Company's ability to continue as a going concern.

During the year ended August 31, 2018, the Company did not earn revenue, incurred a loss of $16,684 (2017 - $187,380) and, as of that date, the Company had an accumulated deficit of $3,916,771 (2017 - $3,900,087), a working capital deficiency of $224,344 (2017 - $515,025) and negative cash flows from operations of $1,000 (2017 - $4,227). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from related parties (Notes 4, 5 and 10) and the Company's ability to raise additional funds through the issuance of shares or debt.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS and their interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ending August 31, 2018 were approved and authorized for issue by the Board of Directors on October 22, 2018, except Note 14, which is as of January 29, 2019.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Applied Inventions Management Corporation U.S.A. and Tour Technologies. The two subsidiaries are inactive.

Functional and Presentation Currency

These consolidated financial statements have been presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

Financial Instruments

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate and multiple voting debentures. Classification of these financial instruments is as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Shareholder advances	Other financial liabilities
Subordinate and multiple voting debentures	Other financial liabilities

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fairvalue hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the consolidated balance sheet consist of cash.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Compound Financial Instruments

Compound financial instruments include subordinate and multiple voting convertible debentures, which are comprised of two components, the debt component and the conversion feature, which is considered equity. The debt component of the instrument is initially recognized at fair value, with the residual being allocated to the conversion feature, classified as equity. Transaction costs are allocated between the debt component and the conversion feature on a pro rata basis.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Upon conversion of the subordinate voting and multiple voting convertible debenture the value of the equity component is reallocated to Class "A" and Class "B" shares. Upon expiry or extinguishment of the conversion feature or repayment of the debenture, the equity component is reallocated to contributed surplus.

Debt Modification

From time to time, the Company pursues amendments to its credit agreements based on prevailing market conditions. Such amendments, when completed, are considered by the Company to be debt modifications or extinguishments. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are considered to be substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability and amortized over the remaining term of the liability. If the modification is substantially different then the transaction is accounted for as an extinguishment of the old debt instrument with a gain/loss to the carrying amount of the liability being recorded in the consolidated statements of operations immediately. Also, the transaction costs related to the debt extinguishment are recorded in the profit and loss accounts.

Loss Per Share

The Company presents basic and diluted loss per share data for its shares, calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of shares. If the number of shares outstanding increases or decreases as a result of share split or consolidation, the calculation of basic and diluted loss per share for all periods presented, is adjusted retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not record that excess.

Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The significant estimates made by management in the preparation of these consolidated financial statements is the inputs used in the valuation of the warrants related to the units attached to the multiple voting debentures during the year. The significant judgments made by management in the preparation of these consolidated financial statements are fair value of the liability component related to the subordinate voting debenture and multiple voting debenture and the assumption that the Company will continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent Accounting Pronouncements

The International Accounting Standards Board ("IASB") issued a number of new and revised standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after September 1, 2018. Many are not applicable or do not have a significant impact on the Company and so have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9, Financial Instruments was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is required for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

IFRS 16, Leases, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company does not expect this standard to have an effect on the Company's consolidated financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2018		2017
Trade payables	**$**	**32,273**	$	24,051
Debenture interest		**26,029**		45,995
Accrued liabilities:				
Legal		**37,515**		14,647
Audit and accounting		**10,325**		10,000
	$	**106,142**	$	94,693

4. SHAREHOLDER ADVANCES

Shareholder advances, principal plus accrued interest, include advances made by the current controlling shareholder who is also a director and officer of the Company since September 1, 2009. The advances bear interest at the rate of 10% per annum calculated monthly, are secured by a general security agreement and are due on demand.

5. DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645, 154 of indebtedness owing to the controlling shareholder, who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343, 154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principal amounts outstanding are due on April 27, 2018, the maturity date.

The secured subordinate voting debenture and the multiple voting debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68, 108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260, Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants (Note 8).

5. DEBENTURES (Cont'd)

On May 28, 2018 Subordinate Voting Debenture date was extended to October 27, 2020, on the same terms and conditions. The extension represents an extinguishment of the debenture. As such the new debt instrument was recorded at fair value on the amendment date.

	Original Subordinate Voting Debenture	Amended Subordinate Voting Debenture
Principal value of debentures issued	$ 343,154	$ 414,642
Gain on settlement of debenture	–	(120,631)
Equity component from original	–	68,108
Equity component	(68,108)	(14,429)
Loss on equity component	–	(531679)
Liability component at date of issue	275,046	294,011
Accretion	56,829	–
Liability component at August 31, 2017	**331,875**	**–**
Accretion	**11,279**	**10,337**
Settlement of debenture	**(343,154)**	–
Liability component at August 31, 2018	**$ –**	**$ 304,348**

The fair value of the debt component upon amendment was $294,012, based on a market rate of borrowing of 25.79%. This resulted in a gain on extinguishment of $120,631. The fair value of the equity component upon amendment was $14,429 based on the Black Scholes option pricing model with the following assumptions: Share price $0.01, dividend yield 0%, expected volatility (based on comparables) 100%, a risk tree interest rate of 1% and an expected life of 2 years.

6. CAPITAL STOCK

a) Authorized:

unlimited	Class "A" subordinate voting convertible shares, convertible into an equal number of Class “B” shares at the option of the holder upon an offer to purchase all or substantially all of the Class "B" shares of the Company;
unlimited	Class "B" multiple voting (20 votes per share) convertible shares, convertible into an equal number of Class “A” shares at the option of the holder;
unlimited	Class "C" preference shares, non-voting, redeemable at the option of the holder, convertible into an equal number of Class “A” shares at the option of the holder.

b) Issued and outstanding:

	Number of Class “A” Shares	Amount	Number of Class “B” Shares	Amount
Balance, August 31, 2016	388,435	$ 1,106,187	1,139,339	$ 1,086,736
Issuance of Class "B" shares (Note 5)	–	–	6,700,260	328,023
Balance, August 31, 2017 and 2018	**388,435**	**$ 1,106,187**	**7,839,599**	**$ 1,414,759**

7. STOCK OPTION PLAN

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "A" Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class “A” shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on April 29, 2021.

On October 27, 2017, the Company granted 600,000 options to its directors. The options were fully vested at the date of granting, have an exercise price of $0.05 per share and expire on October 27, 2022.

See Note 13.

7. STOCK OPTION PLAN (Cont'd)

The following summarizes the stock options outstanding for the year ended August 31, 2018:

	2018		2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**150,000**	**$ 0.05**	150,000	$ 0.05
Issued	**600,000**	**$ 0.05**	–	$ Nil
Ending balance	**750,000**	**$ 0.05**	150,000	$ 0.05
Exercisable	**750,000**	**$ 0.05**	150,000	$ 0.05

The Company had the following options issued at August 31, 2018:

Number of Options	**Exercisable**		**Exercise Price**	**Weighted Average Time to Maturity**
150,000	150,000	$	0.05	2.66 years
600,000	600,000	$	0.05	4.16 years
750 000	**750,000**			

The fair value of the options granted during the year ended August 31, 2018 was $3,017, estimated at the time of the grant using the Black-Scholes option pricing model with the following weighted average inputs and assumptions:

	2016
Exercise price	**$ 0.05**
Expected volatility	**100%**
Risk-free interest rate	**1.00%**
Expected life	**5.0 Years**
Estimated share price	**$ 0.01**

The expected volatility and estimated share price of the options is based on comparable companies in the industry.

8. WARRANT CAPITAL

The following summarizes the warrants issued during the year ended August 31, 2018:

	2018		2017	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Beginning balance	**6,700,260**	**$ 0.06**	—	$ Nil
Issued (Note 5)	**—**	**$ Nil**	6,700,260	$ 0.06
Ending balance	**6,700,260**	**$ 0.06**	6,700,260	$ 0.06

The Company had the following warrants issued at August 31, 2018:

Number of Warrants	**Exercise Price**	**Weighted Average Time to Maturity**
6,700,260	$ 0.06	0.75 years

See Note 13.

9. INCOME TAXES

Provision for Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.50% (2017 - 26.50%) to the net loss and comprehensive loss for the period. The reason for the difference is as follows:

		2018	2017
Loss before income taxes	**$**	**(16,684)**	$ (187,380)
Statutory rate		**26.50%**	26.50%
Expected income tax recovery	**$**	**(4,421)**	$ (49,656)
Increase (decrease) resulting from:			
Non-deductible stock based compensation		**800**	–
Non-deductible accretion expense		**5,728**	–
Non-taxable gain on debt extinguishment		**(31,967)**	–
Change in deferred tax assets not recognized		**29.860**	49,656
Income tax exeense	**$**	**–**	$ –

9. INCOME TAXES (Cont'd)

The Company's deferred income tax assets are estimated as follows:

		2018		2017
Deferred income tax assets				
Non-capital losses	**$**	**195,570**	$	165,734
Less: Deferred tax assets not recognized		**(195,570)**		(165,734)
Net deferred income tax asset	**$**	–	$	–

Losses Carried Forward

As at August 31, 2018, the Company has non-capital losses for income tax purposes of approximately $738,000 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2026	$	6,000
2028		5,000
2030		1,000
2031		56,000
2032		55,000
2033		39,000
2034		62,000
2035		57,000
2036		157,000
2037		187,000
2038		113,000
	$	**738,000**

1O. RELATED PARTY TRANSACTIONS

(a) The interest expense of $48,801 (2017 - $63,639) is for the current controlling shareholder who is also a director and officer of the Company. Interest expense of $12,220 (2017 - $6,674) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $36,581 (2017 - $56,965) is interest accrued on the outstanding subordinate and multiple voting debentures.

(b) As at August 31, 2018 the Company has shareholder loans due to the current controlling shareholder who is also an officer and director of the Company, consisting of a $147,244 (2017 - $89,056) advance bearing interest at 10% per annum, secured by a general security agreement.

(c) On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE (Note 5).

10. RELATED PARTY TRANSACTIONS (Cont'd)

(d) On May 30, 2017 WFE a company controlled by the controlling shareholder of the Company converted a secured multiple voting debenture into 6,700,260, Multiple Voting Units, at $0.05 per Unit comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants totaling $374,346, of which $46,323 was allocated to the share purchase warrants.

The conversion was accounted for as the elimination of the multiple voting debenture liability with a transfer of the recorded liability and the equity component of the debenture to capital stock.

(e) Included in accounts payable and accrued liabilities is $6,030 (2017 - $16,030) related to expense reimbursement (2017 - consulting fees) owed to an officer, director and current controlling shareholder.

(f) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him, or a company controlled by the controlling shareholder. This amount was recorded as a direct increase in contributed surplus.

11. CAPITAL RISK MANAGEMENT

The Company considers capital stock, contributed surplus and deficit to represent capital. As at August 31, 2018 and 2017, the Company has a shareholders' deficiency and management's objective is to maintain its ability to continue as a going concern (Note 1).

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the years ended August 31, 2018 and 2017.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. The Company's financial instruments comprised of cash, accounts payable and accrued liabilities, shareholder advances and subordinate and multiple voting debentures, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest and currency risks. The Company is not exposed to significant interest risk as the interest rates on the shareholder advances and subordinate voting debenture are fixed.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS (Cont'd)

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2018, the Company has current liabilities of $253,386 (2017 - $515,624) and no significant assets other than a cash balance of $799 (2017 - $599) and accounts receivable of $28,243 (2017 - $NIL). As a result, the Company is dependent on obtaining additional financing to meet its current obligations. The Company's accounts payable outstanding for over 90 days amount to $NIL (2017 - $19,224).

13. SUBSEQUENT EVENTS

Subsequent to the year end:

(a) Directors of the Company exercised their stock options and purchased 750,000 Class “A” Subordinate voting shares at $0.05 per share.

(b) WFE Investments Corp. exercised 2,300,000 Class "A” Subordinate Voting shares at $0.06 per warrant and the balance of 4,400,260 Class “A” share purchase warrants were cancelled.

(c) The controlling shareholder converted $115,000 of the secured Class "A" Subordinate Voting Convertible debenture into 2,300,000 Class “A” Subordinate Voting Units. Each Unit is comprised of one Class "A” Subordinate Voting Share and one Class "A" Subordinate Voting Share purchase warrant exercisable at $0.06 per warrant for up to 2 years from date of conversion. The balance of $299,642 and accrued interest has been forgiven and the 2,300,000 Class "A" Subordinate Voting Share purchase warrants have been cancelled.

14. COMBINATION AGREEMENT

On September 21, 2018, the Company and High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("Acreage Holdings") entered into a definitive business combination agreement (the "Combination Agreement") pursuant to which Acreage Holdings will complete a reverse take-over of the Company (the "Proposed Transaction") and the securityholders of Acreage Holdings will hold substantially all of the outstanding securities of the Company following the Proposed Transaction (the "Resulting Issuer").

Pursuant to the Combination Agreement, the Company will continue from the Province of Ontario into the Province of British Columbia and will: (i) subdivide its existing Class "B" multiple voting shares (the “Class “B” Multiple Voting Shares”) on the basis of one and one-half (1.5) Class “B” Multiple Voting Shares for each Class “B” Multiple Voting Share issued and outstanding immediately prior thereto; (ii) consolidate its issued and outstanding Class "A" subordinate voting shares ("Applied Class "A" Subordinate Voting Shares) such that Acreage Holdings units are ultimately exchanged on a 1:1 basis for Resulting Issuer subordinated voting shares pursuant to the Proposed Transaction (the “Consolidation"); (iii) approve the adoption of Articles under the Business Corporations Act (British Columbia) which will effect the amendment of the Company's existing Articles; (iv) change its name to Acreage Holdings Inc.; (v) approve a new equity compensation plan; and (vi) change its financial year end to December 31.

The Proposed Transaction is expected to close in November of 2018 and is subject to the conditions set out in the Combination Agreement, including obtaining the requisite approval of Acreage Holdings and the Company's shareholders.

An application has been made to list the Resulting Issuer's subordinate voting shares on the Canadian Securities Exchange (the "Exchange") upon completion of the Proposed Transaction. The listing will be subject to satisfying all of the Exchange's initial listing requirements.

On November 14, 2018, the Proposed Transaction was completed.

Schedule "B"

PUBCO'S MD&A FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

(see attached)

APPLIED INVENTIONS MANAGEMENT CORP.

Management Discussion and Analysis of Financial Conditions and Results of

Operations for the fiscal years ended August 31, 2018 & 2017

This Management Discussion and Analysis (M. D. & A.) should be read in conjunction with Applied Inventions Management Corp.'s (the "Company") consolidated annual audited financial statements and the accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canada. All monetary amounts are expressed in Canadian dollars. Additional information regarding the Company is available on the SEDAR website at www.sedar.com

FORWARD - LOOKING INFORMATION

The M. D. & A. and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

DATE OF M. D. & A.

This M. D. & A. was prepared on October 22, 2018.

GENERAL OVERVIEW

A cease trade order ("CTO") was imposed on the Company by the Ontario Securities Commission on February 20, 2001for failure to file its annual audited consolidated financial statements for the year ended August 31, 2000 and interim unaudited consolidated financial statements for the three month period ended November 30, 2000. These consolidated financial statements were subsequently filed on SEDAR by the Company.

On August 27, 2011 the Ontario Securities Commission issued a Revocation Order of the CTO. The Company is now seeking to complete a transaction that would allow the reinstatement of trading privileges on a recognized stock exchange.

Prior to 2002, the Company manufactured, marketed and distributed the SAVE swimming pool intrusion alarm.

The Company is in the process of reorganizing its affairs.

SELECTED ANNUAL INFORMATION

For the years ended August 31st	**2017**	**2018**
Sales	$Nil	$ Nil
Net Loss and Comprehensive Loss	($187,380)	($16,684)
Loss per share	($0.058)	($0.002)
Total Assets	$599	$29,042
Current Liabilities	$515,624	$253,386
Total Long Term Debt	$ Nil	$304,348
Cash Dividends	$ Nil	$ Nil
Deficit	($3,900,087)	($3,916,771)

RESULTS OF OPERATION AND QUARTERLY RESULTS

Applied Inventions Management Corp. has incurred administrative costs,professional fees and consulting fees associated with preparing and filing annual audited consolidated financial statements, unaudited interim consolidated financial statements and all other regulatory filing requirements and has continued to accrue interest on its secured demand Debenture payable and its interest bearing shareholder loan.Professional fees incurred for the year August 31,2018 were $106,963 (August 31, 2017 - $51,554). Interest accrued on the secured demand Debenture and shareholder advances was $48,801(August 31,2017 - $63,639). Bank charges were $131 during the year ended August 31,2018 (August 31,2017 - $215).

	Aug 31 2018 Q4	May 31 2018 Q3	Feb 28 2018 Q2	Nov 30 2017 Ql	Aug 31 2017 Q4	May 31 2017 Q3	Feb 28 2017 Q2	Nov 30 2016 Ql
Total Revenue	$NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL	$ NIL
Gain / (Net Loss) and comprehensive loss	$53,093	($20,406)	($32,184)	($17,187)	($19,039)	($41,246)	($90,622)	($36 473)
Gain / (Net Loss) per Share	$0.006	($0.002)	($0.004)	($0.002)	($0.002)	($0.026)	($0.059)	($0.024)
Weighted average shares outstanding	8,228 034	8,228,034	8,228,034	8,228 034	8 228,034	1,527,774	1,527,774	1,527,774

LIQUIDITY

The Company has been dependent upon one of its shareholders who is an officer and director of the Company, to provide financing for ongoing administrative expenses and for costs of re-organizing the affairs of the Company. The shareholder, who is an officer and director of the Company, has indicated that he will continue to fund costs anticipated to be approximately $15,000 per annum. However, if the shareholder decides not to fund the ongoing costs, the Company will have to attempt to raise monies to fund ongoing operations from an alternative source. There is no assurance that the Company will be able to raise the required monies at competitive rates to continue operations.

As at August 31,2018 the Shareholder advances payable, which is owing to a principal shareholder who is a director and officer of the Company, was $147,244 (August 31,2017- $89,056) including accumulated interest advanced to the Company by the same Shareholder and bears interest at 10% per annum and is secured by a General Security Agreement.

FINANCIAL INSTRUMENTS

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash while the Company's financial liabilities include accounts payable and accrued liabilities, shareholder advances, subordinate and multiple voting debentures. Classification of these financial instruments is as follows:

Financial Instrument	**Classification**
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Shareholder advances	Other financial liabilities
Subordinate and multiple voting debentures	Other financial liabilities

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in makingthe measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the consolidated balance sheet consist of cash.

FINANCIAL RISK MANAGEMENT- LIQUIDITY RISK

Risk management is the responsibility of management who is of the opinion that the Company is exposed to financial risks as described below. It is management's opinion that the Company is not exposed to significant interest and currency risk.

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit risk by maintaining cash at major banks and financial institutions.

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at August 31, 2018 the Company had current liabilities of $253,386 (August 31, 2017 - $515,624) and assets of $29,042 (August 31, 2017 - $599). As a result, the Company has liquidity risk and is dependent on obtaining additional financing to meet its current obligations.

CAPITAL RISK MANAGEMENT

The Company considers capital stock and deficit to represent capital. As at August 31, 2018 and August 31, 2017 the Company has a negative capital balance and management's objective is to maintain its ability to continue as a going concern by identifying sources for additional financing for working capital and to fund the development of a business.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year August 31, 2018 and August 31, 2017.

OFF BALANCE SHEET ACTIVITIES

As at August 31, 2018 and 2017, the Company had no off balance sheet financial commitments and does not anticipate entering into any contracts of such nature.

DEBENTURES

On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder, who is a director and officer of the Company, and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE. The debentures bear interest at a stated rate of 10% per annum. Interest is payable quarterly and the principal amounts outstanding are due on April 27, 2018,the maturity date.

The secured subordinate voting debenture and the multiple voting debenture and any unpaid interest thereon are convertible, at the option of the holders into Subordinate Voting Units and Multiple Voting Units respectively at a conversion price of $0.05 per Subordinate Voting Unit or Multiple Voting Unit respectively prior to the maturity date. Each Subordinate Voting Unit and each Multiple Voting Unit will consist of one Class "A" subordinate voting share and one Class "B" multiple voting share respectively and one detachable share purchase warrant. Each warrant shall entitle the holder thereof to acquire one Class "A" subordinate voting share at a price of $0.06 per share until two years from the date of issuance.

The fair value of the liability component at the time of issue of $275,046 and $242,060 for the subordinate voting and multiple voting debentures, respectively, was calculated as the discounted cash flows for the convertible debenture assuming a 22% interest rate which was based on the estimated market interest rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) of $68,108 and $59,940 for the subordinate voting and multiple voting debentures, respectively, was determined at the time of issue as the difference between the fair value of the compound convertible debentures and the fair value of the liability component corresponding to a rate that the Company would have obtained for a similar financing without the conversion option.

On May 30, 2017, the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260, Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable share purchase warrants.

On May 28, 2018 Subordinate Voting Debenture date was extended to October 27, 2020, on the same terms and conditions. The extension represents an extinguishment of the debenture. As such the new instrument was recorded at fair market value on the amendment date.

		Original Subordinate Voting Debenture		Amended Subordinate Voting Debenture
Principal value of debentures issued	$	343,154	$	414,642
Gain on settlement of debenture		–		(120,631)
Equity component from original		–		68,108
Equity component		(68,108)		(14,429)
Loss on equity component		–		(53,679)
Liability component at date of issue		275,046		294,011
Accretion		56,829		–
Liability component at August 31, 2017	**$**	**331,875**	**$**	**–**
Accretion		**11,279**		**10,337**
Settlement of debenture		**(343,154)**		**–**
Liability component at August 31, 2018	**$**	**–**	**$**	**304,348**

The fair value of the debt component upon amendment was $294,012, based on a market rate of borrowing of 25.79%. This resulted in a gain on extinguishment of $120,631. The fair value of the equity component

upon amendment was $14,429 based on the Black Scholes option pncmg model with the following assumptions: Share price $0.01,dividend yield 0%, expected volatility (based on comparables) 100%,a risk tree interest rate of 1% and an expected life of 2 years.

RELATED PARTY TRANSACTIONS

Transactions with related parties are listed below and incurred in the normal course of business and are measured at the exchange amount:

(a) The interest expense of $48,801(2017 - $63,639) is for the current controlling shareholder who is also a director and officer of the Company. Interest expense of $12,220 (2017 - $6,674) is interest accrued on outstanding shareholder advances that are interest bearing. Interest expense of $36,581 (2017 - $56,965) is interest accrued on the outstanding subordinate and multiple voting debentures.

(b) As at August 31, 2018 the Company has shareholder loans due to the current controlling shareholder who is also an officer and director of the Company, consisting of a $147,244 (2017 - $89,056) advance bearing interest at 10% per annum,secured by a general security agreement.

(c) On April 27, 2016, the Company agreed to settle an aggregate of $645,154 of indebtedness owing to the controlling shareholder who is a director and officer of the Company,and to WFE Investments Corp. ("WFE"), a company controlled by the controlling shareholder of the Company, in exchange for the Company issuing a first secured subordinate voting debenture in the principal amount of $343,154 to the controlling shareholder and a first secured multiple voting debenture in the principal amount of $302,000 to WFE .

(d) On May 30,2017 WFE a company controlled by the controlling shareholder of the Company converted a secured multiple voting debenture into 6,700,260,Multiple Voting Units,at $0.05 per Unit comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700,260 Class "A" detachable shares purchase warrants totaling $374,346, of which $46,323 was allocated to the share purchase warrants.

The conversion was accounted for as the elimination of the multiple voting debenture liability with a transfer of the recorded liability and the equity component of the debenture to capital stock.

(e) Included in accounts payable and accrued liabilities is $6,030 (2017 - $16,030) related to expense reimbursement (2017 -consulting fees) owed to an officer, director and current controlling shareholder.

(f) During the year ended August 31, 2017, the current controlling shareholder who is also a director and officer of the Company forgave $17,900 worth of outstanding payables due to him,

or a company controlled by the controlling shareholder. This amount was recorded as a direct increase in contributed surplus.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certainestimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions,based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's asset, liabilities,equity or earnings. There have been no judgments made by management in the application of IFRS that have a significant effect on the financial statements for the year ended August 31,2018 and 2017. Actual results could differ from those estimates.

CONTROLS AND PROCEDURES

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity,are effective in providing reasonable assurances that financial information is recorded, processed,summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

OUTSTANDI NG SHARE DATA

Common Shares

As at August 31, 2018 the Company had 388,435 (August 31, 2017 - 388,435) Class "A" Subordinate Voting Shares and 7,839,599 (August 31, 2017 -7,839,599) Class "B" Multiple Voting Shares issued and outstanding.

On May 30, 2017 the multiple voting debenture and accrued interest of $33,013 were converted into 6,700,260 Multiple Voting Units, comprising 6,700,260 Class "B" Multiple Voting Shares and 6,700.260 Class "A" detachable shares purchase warrants.

Stock Options and share purchase warrants

The Company's stock option plan provides options that can be exercised for a maximum of 10% of the issued and outstanding Class "AH Subordinate Voting Shares and a maximum of 10% of the issued and outstanding Class "B" Multiple Voting Shares on the date of grant.

On April 29, 2016, 150,000 options to purchase Class "A" shares were granted pursuant to the Company's stock option plan to directors of the Company. The options were fully vested at the date of granting,have an exercise price of $0.05 per share and expire on April 29, 2021

On October 27, 2017, the Company granted 600,000 options to its directors. The options were fully vested at the date of granting,have an exercise price of $0.05 per share and expire on October 27,2022.

On May 30, 2017 6,700,200 Class "A" detachable share purchase warrants were issued. Each warrant shall entitle the holder to acquire one Class "A" subordinate voting share at $0.06 per share until two years from date of issue, which was extended to October 27, 2020 on the same terms and conditions (see Debentures above).

SUBSQUENT EVENTS

Subsequent to the year end:

(a) Directors of the Company exercised their stock options and purchased 750,000 Class "A" Subordinate voting shares at $0.05 per share.
(b) WFE Investments Corp. exercised 2,300,000 Class "A" Subordinate Voting shares at $0.06 per warrant and the balance of 4,400,260 Class "A" share purchase warrants were cancelled.
(c) The controlling shareholder converted $115,000 of the secured Class "A" Subordinate Voting Convertible debenture into 2,300,000 Class "A" Subordinate Voting Units. Each Unit is comprised of one Class "A" Subordinate Voting Share and one Class "A" Subordinate Voting Share purchase warrant exercisable at $0.06 per warrant for up to 2 years from date of conversion. The balance of $299,642 and accrued interest has been forgiven and the 2,300,000 Class "A" Subordinate Voting Share purchase warrants have been cancelled.

COMBINATION AGREEMENT

On September 21, 2018, the Company and HighStreet Capital Partners,LLC (d/b/a Acreage Holdings) ("Acreage Holdings") entered into a definitive business combination agreement (the "Combination Agreement") pursuant to which Acreage Holdings will complete a reverse take-over of the Company (the " Proposed Transaction") and the securityholders of Acreage Holdings will hold substantially all of the outstanding securities of the Company following the Proposed Transaction (the "Resulting Issuer").

Pursuant to the Combination Agreement, the Company will continue from the Province of Ontario into the Province of British Columbia and will: (i) subdivide its existing Class "B" multiple voting shares (the "Class B Multiple Voting Shares") on the basis of one and one-half (1.5) Class "B" Multiple Voting Shares for each Class

"B" Multiple Voting Share issued and outstanding immediately prior thereto; (ii) consolidate its issued and outstanding Class "A" subordinate voting shares ("Applied Class "A" Subordinate Voting Shares") such that Acreage Holdings units are ultimately exchanged on a 1:1basis for Resulting Issuer subordinated votingshares pursuant to the Proposed Transaction (the "Consolidation"); (iii) approve the adoption of Articles under the Business Corporations Act (British Columbia) which will effect the amendment of the Company's existing Articles; (iv) change its name to Acreage Holdings Inc.;(v) approve a new equity compensation plan;and (vi) change its financial year end to December 31.

The Proposed Transaction is expected to close in November of 2018 and is subject to the conditions set out in the Combination Agreement, including obtaining the requisite approval of Acreage Holdings' and the Company's shareholders.

An application has been made to list the Resulting Issuer'ssubordinate votingshares on the Canadian Securities Exchange (the "Exchange") upon completion of the Proposed Transaction. The listing will be subject to satisfying all of the Exchange's initial listing requirements.

OFFICERS AND DIRECTORS

As at August 31,2018 the officers and directors of the Company include:

Michael Stein	- President and Director
Gabriel Nachman FCPA, FCA	- Acting CFO, Director and Chair of Audit Committee
Nicholas Hariton	- Director
Barry Polisuk	- Director

ADDITIONAL INFORMATION

Additional information relating to the Company is available:

- On the Internet at the SEDAR website at www.sedar.com or,
- By contacting Michael Stein at 416-816-9690

Schedule "C"

ACREAGE HOLDINGS' AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016
(In United States Dollars)

ACREAGE HOLDINGS
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To the Members of High Street Capital Partners, LLC:

The accompanying consolidated financial statements and other financial information in this annual report were prepared by management of High Street Capital Partners, LLC d/b/a Acreage Holdings ("Acreage" or the "Company"), reviewed by the Audit Committee and approved by the Board of Directors.

Management is responsible for the consolidated financial statements and believes that they fairly present the Company's financial condition and results of operations in conformity with International Financial Reporting Standards. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

These financial statements have been audited by the Company's auditors, Macias Gini & O'Connell LLP, and their report is presented herein.

"Kevin Murphy"
Chief Executive Officer

"Glen Leibowitz"
Chief Financial Officer

November 9, 2018

Independent Auditor's Report

To the Members of High Street Capital Partners, LLC

We have audited the accompanying consolidated financial statements of High Street Capital Partners, LLC d/b/a Acreage Holdings, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of operations, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Macias Gini & O'Connell LLP
3000 S Street, Suite 300
Sacramento, CA 95816

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of High Street Capital Partners, LLC d/b/a Acreage Holdings as at December 31, 2017 and 2016, and the consolidated statements of operations, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board

Sacramento, CA

November 9, 2018

ACREAGE HOLDINGS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in $000's USD)	Note	December 31, 2017	2016
ASSETS			
Cash		$ 16,231	$ 5,296
Restricted cash	3	269	–
Inventory		463	308
Other current assets		515	–
Total current assets		17,478	5,604
Investments	6	33,748	19,805
Promissory notes receivable	7	6,987	2,781
Capital assets, net	8	11,039	642
Intangible asset	5	800	–
Goodwill	5	2,191	2,191
Other non-current assets		766	463
Total non-current assets		55,531	25,882
TOTAL ASSETS		$ 73,009	$ 31,486
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 7,802	$ 582
Taxes payable	14	1,114	409
Interest payable	9	143	–
Current portion of debt	9	20	19
Other current liabilities		917	880
Total current liabilities		9,996	1,890
Debt	9	27,598	531
Derivative liabilities	9	2,897	–
Other liabilities		1,975	124
Total non-current liabilities		32,470	655
TOTAL LIABILITIES		$ 42,466	$ 2,545
Members' equity	10	$ 20,133	$ 24,379
Non-controlling interests		10,410	4,562
TOTAL MEMBERS' EQUITY		$ 30,543	$ 28,941
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 73,009	$ 31,486

Nature of operations (Note 1)
Commitments and contingencies (Note 11)
Subsequent events (Note 15)

Approved on behalf of Management on November 9, 2018

"Kevin Murphy"
Chief Executive Officer

"Glen Leibowitz"
Chief Financial Officer

See accompanying notes to consolidated financial statements

ACREAGE HOLDINGS
CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in $000's USD)	Note	Year ended December 31, 2017	2016
Revenues, net		$ 7,743	$ 3,771
Less: cost of goods sold		(4,767)	(2,608)
Gross profit		2,976	1,163
OPERATING EXPENSES			
General and administrative		5,001	1,600
Compensation expense		4,790	1,313
Marketing		212	144
Depreciation and amortization	8	20	37
Total operating expenses		10,023	3,094
Net operating loss		$ (7,047)	$ (1,931)
Income (loss) from investments, net	6	2,313	(223)
Interest income	7	330	160
Interest expense	9	(1,465)	–
Change in fair market value of derivative liabilities		215	–
Other loss, net		(1,156)	(5)
Total other income (loss)		237	(68)
Net loss before income taxes		$ (6,810)	$ (1,999)
Income tax expense	13	(806)	(409)
Net loss		$ (7,616)	$ (2,408)
Less: net loss attributable to non-controlling interests		(613)	(462)
Net loss attributable to members of the parent		$ (7,003)	$ (1,946)

See accompanying notes to consolidated financial statements

ACREAGE HOLDINGS
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

(Expressed in $000's USD)	Attributable to members of the parent						
	Membership Units	Contributed Capital	PIK Units Reserve	Accumulated Deficit	Total Members Equity	Non-controlling interests	Total Equity
Balance as at December 31, 2015	27,775,000	$ 14,716	$ –	$ (372)	$ 14,344	$ –	$ 14,344
Issuance of Class A units for cash, net	11,575,000	11,331	–	–	11,331	–	11,331
Issuance of Class A units for in-kind contributions	650,000	650	–	–	650	–	650
Increase in non-controlling interests from business acquisitions	–	–	–	–	–	265	265
Capital contributions, net	–	–	–	–	–	4,759	4,759
Net loss	–	–	–	(1,946)	(1,946)	(462)	(2,408)
Balance as at December 31, 2016	40,000,000	$ 26,697	$ –	$ (2,318)	$ 24,379	$ 4,562	$ 28,941
Issuance of Class C units for in-kind contributions	6,000,000	630	–	–	630	–	630
Issuance of Class C profits interests	3,250,000	1,522	–	–	1,522	–	1,522
Interest expense settled with PIK Class A units	100,329	485	120	–	605	–	605
Capital contributions, net	–	–	–	–	–	6,461	6,461
Net loss	–	–	–	(7,003)	(7,003)	(613)	(7,616)
Balance as at December 31, 2017	49,350,329	$ 29,334	$ 120	$ (9,321)	$ 20,133	$ 10,410	$ 30,543

See accompanying notes to consolidated financial statements

ACREAGE HOLDINGS
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in $000's USD)	Year ended December 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (7,616)	$ (2,408)
Adjustments for:		
Depreciation and amortization	20	37
Equity-based compensation expense	1,837	–
Change in fair market value of derivative liabilities	(215)	–
Non-cash interest expense	987	–
Non-cash (income) loss from investments, net	(2,162)	285
Collection of interest	72	7
Change in restricted cash	(269)	
Other	4	1
Change, net of acquisitions in:		
Inventory	(155)	(138)
Other assets	(503)	137
Interest receivable	(330)	(160)
Accounts payable and accrued liabilities	1,503	389
Taxes payable	705	409
Interest payable	143	–
Other liabilities	37	66
Net cash used in operating activities	$ (5,942)	$ (1,375)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of capital assets	$ (4,704)	$ (62)
Investments in promissory notes receivable	(3,823)	(2,628)
Collection of promissory notes receivable	–	50
Cash paid for investments	(10,985)	(11,387)
Purchase of intangibles	(200)	–
Distributions from investments	330	1,297
Business acquisition, net of cash acquired	–	(703)
Net cash used in investing activities	$ (19,382)	$ (13,433)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of membership units, net	$ –	$ 11,331
Proceeds from convertible note, net of deferred costs	29,817	–
Capital contributions - non-controlling interests, net	6,461	4,759
Repayment of loan	(19)	–
Net cash provided by financing activities	$ 36,259	$ 16,090
Net increase in cash	$ 10,935	$ 1,282
Cash - Beginning of year	5,296	4,014
Cash - End of year	$ 16,231	$ 5,296
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 335	$ –
Income taxes paid	101	–
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital assets not yet paid for	$ 5,717	$ 574

See accompanying notes to consolidated financial statements

1. NATURE OF OPERATIONS

Acreage Holdings (the "Company" or "Acreage") was formed on April 29, 2014 and is a Delaware limited liability company under the legal name of High Street Capital Partners, LLC. The Company offers financial and operational support to its subsidiaries and investees. As at December 31, 2017, the Company held investments in cultivation facilities, dispensaries and other cannabis related companies across 11 states.

The Company's corporate office and principal place of business is located at 366 Madison Avenue, New York, New York in the United States of America. Its operations officially commenced on January 1, 2015, when certain investments were contributed into Acreage in exchange for membership units by its founding member. Directors and officers of the Company control 49% and 50% of the voting units of the Company as at December 31, 2017 and 2016, respectively.

The Company is managed by High Street Capital Partners Management, LLC ("HSCPM" or "Manager"). HSCPM was formed on April 9, 2014 and is a Delaware limited liability company. As the sole manager, HSCPM has the authority to make key decisions on behalf of the Company. HSCPM also incurs certain operating expenses on behalf of Acreage, such as rent and payroll, for which it is reimbursed in accordance with the management agreement. The entity is 100% owned by the founding members of Acreage.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in these consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

Basis of measurement
These financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value and investments recorded using the equity method of accounting.

Functional and presentation currency
The financial statements and the accompanying notes are expressed in United States ("U.S.") Dollars.

Basis of consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and expose itself to the variable returns from the entity's activities. The consolidated financial statements include the results of subsidiaries' operations from the date that control commences until the date that control ceases. The Company's subsidiaries and ownership interests are as follows:

Business Name	Entity Type	State of Operations	2017 Ownership %	2016 Ownership %
Cannabliss:				
22nd & Burn, Inc.	Dispensary	OR	70%	70%
East 11th, Inc.	Dispensary	OR	65%	65%
The Firestation 23, Inc.	Dispensary	OR	65%	65%
HSCP Oregon, LLC	Dispensary / Cultivation license	OR	49%	49%
HSC Solutions, LLC	Investment company	NY	100%	100%
Florida Wellness, LLC ("FLW")	Investment company	FL	44%	46%
Impire State Holdings, LLC ("Impire")	Investment company	NY	80%	80%
Prime Wellness of Pennsylvania, LLC ("PWPA")	Cultivation facility	PA	50%	50%
MA RMD SVCS, LLC	Management company	MA	51%	—%
Maryland Medicinal Research & Caring, LLC ("MMRC")	Dispensary	MD	80%	—%

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated. Unrealized losses are eliminated to the extent of the gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest
Non-controlling interest is shown as a component of total members' equity on the Consolidated Statements of Financial Position, and the share of income (loss) attributable to non-controlling interest is shown as a component of net income (loss) in the Consolidated Statements of Operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash and cash equivalents
The Company defines cash equivalents as highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less. As at December 31, 2017 and 2016, the Company did not have any material cash equivalents on hand.

Restricted cash
Restricted cash primarily includes construction deposits in escrow.

Inventory
Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. The inventory consists of all finished goods. Management has determined that a reserve for slow moving and obsolete inventory is not required as at December 31, 2017 and 2016.

Financial instruments
The Company early-adopted IFRS 9 - Financial Instruments ("IFRS 9"), which replaced IAS 39 - Financial Instruments: Recognition and Measurement. The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL") and fair value through other comprehensive income. The Company's financial assets are measured at amortized cost or FVTPL.

The Company determines classification of financial assets at initial recognition. The Company's accounting policy in respect to its financial instruments is as follows:

(i) Financial assets are classified and measured at FVTPL unless they meet the following criteria for amortized cost:
- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities - non-derivative financial liabilities are measured at amortized cost unless they have been designated as FVTPL. Derivative liabilities are initially measured at FVTPL, with subsequent changes in fair market value recognized in the Consolidated Statements of Operations.

(iii) Compound financial instruments - the component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability is measured separately using an estimated market rate for a similar liability without an equity component and the residual is allocated to the conversion option. The liability component is subsequently recognized on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is recognized and included in equity and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. Transaction costs are divided between the liability and equity components in proportion to their values.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) that are in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities that are not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	Classification	Fair Value Hierarchy
Cash and cash equivalents	Amortized cost	N/A
Deposits	Amortized cost	N/A
Accounts payable and accrued liabilities	Amortized cost	N/A
Investments in private entities	FVTPL	Level 3
Investments held for sale	FVTPL	Level 3
Promissory notes receivable	Amortized cost	N/A
Derivative liabilities	FVTPL	Level 3
Convertible notes payable	Amortized cost	N/A
Loan payable	Amortized cost	N/A

There were no material reclassifications between fair value levels during the years ended December 31, 2017 and 2016.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss.

Investments in associates
In accordance with IFRS 10 - Consolidated Financial Statements, associates are those entities that the Company has significant influence, but not control or joint control, over the financial and accounting policies. Investments in associates are accounted for using the equity method in accordance with IAS 28 - Investments in Associates and Joint Ventures. Investments in associates are recognized initially at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Company's share of the net income or loss and other comprehensive income of equity, with accounted investees subject to any adjustments the Company believes necessary to reflect such amounts in accordance with IFRS until the date on which significant influence ceases. If the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made additional investments in or payments on behalf of the other entity. The Company's investments in equity-accounted investees and joint ventures are classified within *Investments* on the Consolidated Statement of Financial Position.

Investments in private entities
Private entities are those entities that the Company has no significant influence or control and are accounted for in accordance with IFRS 9. Refer to Note 6 for more information.

Investments held for sale
The investment held for sale is presented at the lower of cost or fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. The Company's investments held for sale are classified within *Investments* on the Consolidated Statements of Financial Position. Management has determined the investment income (losses) associated with investments held for sale did not meet the criteria of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations to be reflected as discontinued operations.

Promissory notes receivable
The Company provides financing to various related and non-related businesses within the cannabis industry. These notes are accounted for as financial instruments in accordance with IFRS 9. Refer to Note 7 for more information.

Capital assets
Capital assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the following terms and methods:

Capital asset class	Method	Time Period
Land	Not depreciated	
Buildings	Straight-line	10-40 years
Leasehold improvements	Straight-line	Shorter of estimated useful life or length of the lease
Furniture, fixtures and equipment	Straight-line	3-7 years
Construction in process	Not depreciated	

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Consolidated Statements of Operations in the year the asset is derecognized. The assets' residual values, useful lives and methods of amortization are reviewed at each financial year end and adjusted prospectively if appropriate.

Business combinations
The Company's growth strategy includes acquisition of retail, cultivation, processing and other cannabis related companies. These business combinations are accounted using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value, along with identifiable net assets acquired. Goodwill and intangibles assets acquired in a business combination are recorded on the acquisition date. Intangible assets such as management contracts are amortized over their estimated useful lives, while indefinite-lived intangibles such as cannabis licenses are not amortized. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets or liabilities of an acquired business and is attributable to synergies expected to be achieved from integrating the acquisition into the Company's existing business. Based on the Company's tax status discussed below, goodwill is not expected to be deductible. A bargain purchase gain is recognized when the excess is negative. The Company expenses transaction costs, other than those associated with the issue of debt or equity securities, in connection with a business combination as incurred. Where applicable, the Company elects on a transaction-by-transaction basis whether to measure non-controlling interest, if any, at its fair value or at its proportionate share of the recognized amount of the identifiable net assets at the acquisition date.

Impairment of non-financial assets
Goodwill and indefinite-lived intangible assets are not subject to amortization and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash- generating unit, or "CGU"). Goodwill is allocated to the CGU that is expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill. An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount or the carrying amount that would have been recorded had no impairment loss been previously recognized.

Income taxes
Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

Income tax expense is recognized in the Consolidated Statements of Operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measures using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxing authority and the Company intends to settle its current tax assets and liabilities on a net basis.

At December 31, 2017 and 2016, deferred tax assets and liabilities were immaterial.

Certain Acreage subsidiaries are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

Revenue
Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped or delivered to customers and:

- The Company has transferred the significant risks and rewards of the goods' ownership to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amounts disclosed as revenue are net of allowances, discounts and rebates.

Equity-settled payments
The Company issues equity-based awards to employees and consultants for services. The Company measures these awards based on their fair value at the grant date and recognizes compensation expense over the requisite service period. For awards granted to non-employees, the compensation expense is measured at the fair value of the goods and services received except when the fair value cannot be estimated in which case it is measured at the fair value of the award granted.

General and administrative expenses
General and administrative expenses include, but are not limited to, professional fees, consulting fees, rent and travel.

Other assets
Other assets include, but are not limited to, security deposits, prepaid expenses and related party receivables.

Other liabilities:
Other liabilities include a $1,251 capital commitment to NY Medicinal Research & Caring, LLC ("NYMRC"), an investment in private entity, and a $600 contingent fee related to the dispensary license purchase through the acquisition of MMRC in 2017.

Critical accounting estimates and judgements:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the review affects both current and future periods. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial instruments
The Company evaluates the fair value of investments at the end of each reporting period. In addition to investment-specific information, the Company considers general market trends, conditions and transactions. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

The fair value of investments may be adjusted if:

- There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- There have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value;
- The investee company is placed into receivership or bankruptcy;
- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- The investee company makes important positive/negative management changes that the Company's management believes will have a positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustment to the fair value of the investments will be based upon management's judgment and any value estimated may not be realized or realizable. Refer to Note 6 for discussion of current period fair value adjustments.

Derivative liabilities
The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Black-Scholes model with a Monte Carlo simulation. Critical estimates and assumptions used in the model are discussed in Note 9.

Taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax- related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

As discussed above, the Company has taken the position that any costs included in cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance. The Company exercises significant judgments in determining the amounts to include within cost of goods sold, which include allocations of overhead attributable to sales calculated using identifiable metrics such as employee time sheets and square footage.

Business combinations
Judgement is required to determine when the Company gains control of an investment. This requires an assessment of the relevant activities of the investee that significantly affect its returns, including operating and capital expenditure decision-making, financing of the investee, key management personnel changes and when decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Investments in which the Company does not gain

control are accounted for as investments in associates (if the Company has significant influence) or as investments in private entities (if the Company has no significant influence). Refer to Note 4 and Note 6 for further discussion.

Impairment on promissory notes receivable
At each reporting date the Company assesses whether there is objective evidence that a promissory note receivable is impaired. A promissory note receivable is deemed to be impaired, if, and only if, there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the note and that event has an impact on the estimated future cash flows of the promissory note receivable. Refer to Note 14 for further discussion on credit risk.

Impairment on investments in associates
An impairment loss on an investment in an associate is measured by comparing the recoverable amount of the investment with its carryingamount. The Company must assess several factors, such as the market conditions, potential buyers and the performance of the associate to determine the recoverable amount. Refer to Note 6 for further discussion.

New standards and interpretations issued but not yet adopted:

Several new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these consolidated financial statements:

Leases
In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"). The new standard will replace IAS 17 - Leases ("IAS 17") and eliminate the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in similar accounting treatment to current finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is included in *Depreciation and amortization* in the Consolidated Statements of Operations, and an interest component is recognized for each lease, resulting in similar accounting treatment to current finance leases under IAS 17. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our consolidated financial statements.

Revenue
In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15"), which replaces the existing standards for revenue recognition. The new standard establishes a framework for the recognition and measurement of revenues generated from contracts with customers, providing a principles-based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied. Revenues outside of the scope of IFRS 15 include interest and dividend income, trading revenues, securities gains/losses, insurance revenues and lease income. The standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from transactions with our customers. In April 2016, the IASB issued clarifications to IFRS 15, which provide additional clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and intellectual property licenses.

The Company has substantially completed the assessment of the impact of the application of the new standard and reached conclusions on key accounting policies upon transitioning to IFRS 15. The Company has not identified any material impacts on the Consolidated Statements of Financial Position or the Consolidated Statements of Operations upon initial application. The Company does not expect the implementation of IFRS 15 to otherwise have a significant impact on its retail revenue stream. The Company continues to assess the impact of the disclosure requirements under IFRS 15 on the Company's consolidated financial statements.

Equity-settled payment
In June 2016, the IASB issued amendments to IFRS 2 - Share-based payment ("IFRS 2") in relation to the classification and measurement of equity-settled payment transactions. We do not expect the amendments to have a significant impact on our consolidated financial statements. The amendments are effective for our fiscal year beginning January 1, 2018.

4. ACQUISITIONS

On February 26, 2016, Acreage acquired an additional 50% ownership of 22nd & Burn, Inc., 35% of East 11th, Inc. and 45% of The Firestation 23 Inc. (together "Cannabliss") for a total consideration of $1,254 as part of the Company's growth strategy. Total consideration consists of the following: (i) $800 in cash, (ii) $189 fair market value of the previously held interest and (iii) $265 fair market value of the non-controlling interest. The transaction brought Acreage's total ownership to 70%, 65% and 65% of the above-named components of Cannabliss, respectively, thereby providing Acreage with a controlling interest, and was accounted for as a business acquisition in accordance with IFRS 3.

The Company has allocated the purchase price as follows:

Purchase Price Allocation		Amount
Assets acquired		
Cash	$	97
Inventory		170
Capital assets, net		43
Other assets		100
Liabilities assumed		
Accounts payable and accrued liabilities		(409)
Income taxes payable [1]		(879)
Other payables		(59)
Net liabilities acquired	**$**	**(937)**
Goodwill	**$**	**2,191**

(1) Classified as *Other current liabilities* on the Consolidated Statements of Financial Position.

As a result of this acquisition, the Company re-valued the previously held interest in Cannabliss from $950 to $189. The Company assumed that the current purchase price approximates the proportional fair value of the previously held equity interest. The loss of $761 is included in *Income (loss) from investments, net* on the Consolidated Statements of Operations. Goodwill consists of intangible assets that do not qualify for separate recognition.

Pro forma results of operations related to the acquisition have not been presented because they are not material to our Consolidated Statements of Operations.

5. INTANGIBLE ASSETS AND GOODWILL

A reconciliation of the beginning and ending balances of goodwill and intangible assets is as follows:

	Intangible Asset	Goodwill
As at December 31, 2015	**$ –**	**$ –**
Cannabliss acquisition (Note 4)	–	2,191
As at December 31, 2016	**$ –**	**$ 2,191**
MMRC license acquisition [1]	800	–
As at December 31, 2017	**$ 800**	**$ 2,191**

(1) The Company purchased a cannabis dispensary license through the acquisition of MMRC during the year ended December 31, 2017. The Company determined the purchase did not qualify as a business combination as MMRC was not operational at the time of purchase.

6. INVESTMENTS

The carrying values of the Company's investments in the Consolidated Statements of Financial Position as at December 31, 2017 and 2016 are as follows:

	December 31,	
	2017	**2016**
Investments in private entities	$ 18,473	$ 11,978
Investments in associates	8,269	6,692
Investments held for sale	7,006	1,135
Total	**$ 33,748**	**$ 19,805**

Income (loss) from investments, net in the Consolidated Statements of Operations for the years ended December 31, 2017 and 2016 is as follows:

	For the year ended December 31,	
	2017	**2016**
Investments in private entities	$ 2,057	$ 62
Investments in associates	256	(285)
Total	**$ 2,313**	**$ (223)**

Investments in private entities

The Company's investments in private entities as at December 31, 2017 and 2016 are as follows:

Entity Name	**Entity Type**	**Primary state of operations**	**Carrying Value**		**Acreage Ownership Interest**	
			2017	**2016**	**2017**	**2016**
San Felasco Nurseries, LLC ("SFN") [1]	Cultivation and Dispensary	Florida	$ 6,714	$ 6,376	7%	7%
Prime Wellness of Connecticut, LLC ("PWCT") [2]	Dispensary	Connecticut	1,750	1,750	18%	18%
Dixie Brands, Inc. [2]	Consumer Products	Colorado	3,050	3,050	7%	7%
NYCANNA, LLC ("NYCANNA") [3]	Cultivation and Dispensary	New York	6,407	250	20%	20%
Kalyx Development, Inc. [2]	Real Estate Development	New York	552	552	14%	14%
			$18,473	**$11,978**		

Investments in private entities are measured at FVTPL and are classified as Level 3 in the fair value hierarchy. The following factors were considered in the fair value assessment as at the end of each reporting period:

(1) The Company reviewed comparable market transactions and determined no material changes to the investment's fair value was necessary. The increase in carrying value from December 31, 2016 to December 31, 2017 was attributable to additional capital contributions made to SFN during the year. FLW, a consolidated subsidiary of the Company, owns 15% of SFN.

(2) The Company reviewed investment-specific financial information provided by the investee as well as comparable market transactions and determined no material change to the investment's fair value was necessary.

(3) This investment represents the Company's indirect interest in NYCANNA, a medical cannabis license holder in the State of New York formed on November 1, 2016. The Company has an 80% ownership interest in Impire, which in turn has a 50% ownership interest in NY Medicinal Research & Caring, LLC ("NYMRC"). NYMRC has a 50% ownership interest in NYCANNA. While as a result of this structure, Acreage indirectly has a 20% ownership interest in NYCANNA, the Company cannot exercise significant influence over NYCANNA because it does not control that ownership interest.

During the year ended December 31, 2017, the Company reviewed comparable market transactions and recorded a gain of $1,907 in *Income (loss) from investments, net* in the Consolidated Statements of Operations. The remaining increase in carrying value was attributable to additional capital contributions made during the year.

Investments in associates

The Company's investments in associates as at December 31, 2017 and 2016 are as follows:

Entity Name	Entity Type	Primary state of operations	Carrying Value 2017	Carrying Value 2016	Acreage Ownership Interest 2017	Acreage Ownership Interest 2016
WPMC(1)	Management Company	Maine	$ 6,230	$ 5,030	39%	34%
NCC, LLC ("NCC")	Dispensary	Illinois	961	1,035	30%	30%
HSRC NorCal, LLC	Management Company	California	976	400	45%	45%
Prime Consulting Group, LLC ("PCG")	Management Company	Massachusetts	40	40	20%	20%
Prime Alternative Treatment Care Consulting, LLC ("PATCC")	Management Company	New Hampshire	62	62	12%	12%
Trilogy Wellness of Maryland, LLC	Dispensary	Maryland	—	125	—%	13%
			$ 8,269	**$ 6,692**		

(1) The Wellness & Pain Management Connection, LLC ("WPMC") was formed on August 3, 2011. The principal office of WPMC is in the State of Maine and the registered office of WPMC is in the State of Delaware. WPMC holds a management agreement to render certain consulting services and assistance to Northeast Patients Group ("NPG").

NPG is a nonprofit corporation established on June 15, 2010, in the State of Maine. NPG holds four of eight vertically integrated licenses to produce, process and distribute medical marijuana in the State of Maine. It operates dispensaries in Bath, Brewer, Gardiner and Portland and has a 40,000 sq. ft. cultivation and processing facility in Auburn. WPMC does not have the unilateral right to direct activities of NPG, and therefore does not control it.

A summary of WPMC's assets, liabilities, and operations as at and for the years ended December 31, 2017 and 2016 is as follows:

Financial Condition	2017	2016
Total assets	$ 1,335	$ 1,836
Total liabilities	51	500
Total equity	1,284	1,336
Revenue	1,988	4,179
Net income	883	3,730
Acreage's income from investment	329	1,297

Investments held for sale

In the fourth quarter of 2017, the Company initiated a plan to sell its equity interest in Compass Ventures, Inc., Greenhouse Compass, LLC, HSGH Properties, LLC and HSGH Properties Union, LLC (together, "Compass"). The entities hold licenses to operate multiple dispensaries and a cultivation facility in the State of Illinois. As at December 31, 2017 and 2016, the Company owned approximately 47.5% of the business, with carrying values of $7,006 and $1,135, respectively. The investment in Compass

was always held at FVTPL as the Company does not have control or significant influence (refer to Note 3). The Company subsequently completed the sale of Compass in May 2018. See Note 15 for further discussion.

7. PROMISSORY NOTES RECEIVABLE

	Principal				
	TGS [(i)]	SFN [(ii)]	Other Notes Receivable [(iii)]	Interest Receivable	Total
As at December 31, 2015	**$ –**	**$ –**	**$ 50**	**$ –**	**$ 50**
Principal additions	1,800	–	828	–	2,628
Interest earned	–	–	–	160	160
Payments received	–	–	(50)	(7)	(57)
As at December 31, 2016	**$ 1,800**	**$ –**	**$ 828**	**$ 153**	**$ 2,781**
Principal additions	–	3,100	723	–	3,823
Equity investment converted to note	–	–	125	–	125
Interest earned	–	–	–	330	330
Payments received	–	–	–	(72)	(72)
As at December 31, 2017	**$ 1,800**	**$ 3,100**	**$ 1,676**	**$ 411**	**$ 6,987**

(i) On September 27, 2016, Acreage issued a promissory note to TGS National Holdings, LLC ("TGS") for a principal sum of $1,800 and an interest rate of 6% per annum. As at December 31, 2017 the note was payable at the earlier of (i) September 28, 2018 or (ii) forty-five calendar days following written demand for payment by Acreage. Interest and principal are due at maturity. Interest income related to this note totaled $108 and $58 for the years ended December 31, 2017 and 2016, respectively.

(ii) On March 1, 2017, Acreage issued an unsecured convertible promissory note to SFN for a principal sum of $1,100 via FLW. The note bears interest at a rate of 12% per annum. The note matured on March 1, 2018 and is currently in default. Interest income on the promissory note totaled $111 for the year ended December 31, 2017.

On October 17, 2017, Acreage issued an additional unsecured promissory note to SFN for a principal sum of $2,000. The note bears interest at a rate of 9% per annum compounded annually. Interest begins to accrue on the 121st day after the issuance of the note, February 15, 2018. The note matures on October 17, 2018.

Despite the delay in payment from SFN on the March 2017 note, the Company does not believe either note to be impaired. Given comparable industry transactions, the Company believes it will secure payment of the note along with the sale of our interest in SFN.

(iii) Other notes receivable primarily represents outstanding notes with related parties. The interest rates on the notes range from 0-18%. Interest income on the notes amounted to $111 and $102 for the years ended December 31, 2017 and 2016, respectively.

8. CAPITAL ASSETS

As at December 31, 2017 and 2016, capital assets consist of:

	December 31, 2017	2016
Land	$ 610	$ 90
Building	484	484
Construction in progress	9,764	–
Furniture, fixtures and equipment	160	82
Leasehold improvements	78	23
Total Property and equipment, gross	**11,096**	**679**
Less: Accumulated depreciation	(57)	(37)
Property and equipment, net	**$ 11,039**	**$ 642**

Construction in progress represent assets under construction related to both cultivation and dispensary facilities not yet completed or otherwise not placed in service. There were no capitalized financing fees for the years ended December 31, 2017 and 2016.

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	Accumulated Depreciation	Capital Assets, Net
As at December 31, 2015	**$ –**	**$ –**	**$ –**
Increase from capital expenditure	636	–	636
Increase from business acquisition	43	–	43
Depreciation expense	–	(37)	(37)
As at December 31, 2016	**$ 679**	**$ (37)**	**$ 642**
Increase from capital expenditure	10,420	–	10,420
Disposals	(3)	–	(3)
Depreciation expense	–	(20)	(20)
As at December 31, 2017	**$ 11,096**	**$ (57)**	**$ 11,039**

9. DEBT

The Company's debt balances consist of the following:

	December 31, 2017	December 31, 2016
Senior secured convertible notes	$ 27,087	$ –
Loan payable	531	550
Total debt	**27,618**	**550**
Less current portion	(20)	(19)
Total non-current debt	**$ 27,598**	**$ 531**

The remaining outstanding principal at December 31, 2017 is payable as follows:

Year ending December 31,		**Amount**
2018	$	20
2019		20
2020		27,108
2021		470
Total	**$**	**27,618**

Senior secured convertible notes

Between June and November of 2017, the Company issued senior secured convertible notes (the "Notes") for a total principal amount of $31,294, net of issuance costs. The Notes mature on November 15, 2020. Interest payable on the outstanding principal accrues at a rate of 10.00% per annum, payable quarterly in cash or PIK Class A membership units, at the election of the holders of the Notes. Total principal on the inception date of the Notes was allocated as follows:

Convertible Debt Component		**Allocated Value**
Convertible note liability [(1)]	$	28,182
Conversion option [(2)]		1,245
Warrant [(3)]		1,867
Total principal	**$**	**31,294**

(1) Represents the fair value of the convertible note calculated using the discounted cash flows approach, inclusive of a $442 original issuance discount. Key assumptions used in the valuation include required return rate of 18.75% and expected term of 1.5 years from the Note inception date. Of the total $1,151 issuance costs, $116 was allocated to the warrants and the conversion options and expensed in the period incurred, as these instruments are FVTPL. The remaining $1,035 will be accreted over the expected term of the Notes.

(2) The Notes are convertible to Class A membership units at a rate of $4.8341 per unit. The conversion is mandatory upon occurrence of an Initial Public Offering or a comparable public offering event (together "IPO"). Furthermore, the conversion rate is subject to adjustments based on the final price per share at the time of an IPO. Since the number of units to be issued is unknown, the instrument did not meet the "fixed for fixed" criteria under IAS 32 - Financial Instruments: Presentation ("IAS 32"). As such, the conversion option was classified as a derivative liability and accounted for at FVTPL.

(3) In connection with the principal of the Notes, the Company issued warrants to purchase such number of Company's Class A membership units equal to 150% of the Notes for a total of $47 million. The exercise price of the warrants will be determined using the price per unit at the time of an IPO. Since the number of units to be issued is unknown, the instrument did not meet the "fixed for fixed" criteria under IAS 32. As such, the warrant was classified as a derivative liability and accounted for at FVTPL.

The fair values of the warrants and the conversion options were $2,897 and $3,112 as at December 31, 2017 and Note inception date, respectively, and were calculated using a Black-Scholes model with a Monte Carlo simulation, with the following assumptions:

	December 31, 2017	**November 15, 2017 (inception)**
Risk-free rate	1.83%	1.62%
Expected dividend yield	—%	—%
Expected term (in years)	1.36	1.50
Volatility	73.00%	68.00%

The Notes net book value of $26,705 was recorded on initial recognition and will be accreted to the full principal over the expected term of 1.5 years.

The interest expense related to the Notes for the year ended December 31, 2017 consisted of the following:

		Amount
Cash interest	$	456
PIK interest (Note 10)		605
Accretion [(1)]		382
Total interest expense	**$**	**1,443**

(1) Accretion includes amortization of the discount related to the original issue discount, warrant, conversion option and certain issuance costs allocated to convertible debt.

Loan payable
NCC Real Estate, LLC ("NCC RE"), which is owned by the Company's consolidated subsidiary HSC Solutions, LLC, entered into a $550 secured loan with a financial institution for the purchase of a building in Rolling Meadows, Illinois in December 2016. The building houses operations of NCC. The promissory note payable carries a fixed interest rate of 3.7%. Interest expense related to loan payable for the year ended December 31, 2017 totaled $22.

10. MEMBERS' EQUITY AND EQUITY-BASED COMPENSATION

Members' equity
As at December 31, 2017 the operations of the Company were governed by the Amended and Restated Limited Liability Company Agreement dated March 24, 2017 (the "2017 Operating Agreement").

The Company is authorized to issue up to 20,000,000 Class A membership units, 20,000,000 Class B membership units, 6,000,000 Class C membership units and 4,000,000 Class C profits interests. All classes include voting rights.

From January 2016 to November 2016, the Company issued 12,225,000 Class A membership units in exchange for $11,981 in cash and other assets, net of $244 costs incurred in connection with the issuance. The Acreage Operating Agreement provided the Class A membership units with priority recovery of their invested capital in the event of a dissolution of the Company.

In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable, which bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense.

In December 2017, the Company issued 100,329 Class A PIK units in lieu of cash in connection with the Notes.

Each member's capital account is adjusted from time to time by contributions, distributions and the allocation of profits and losses in accordance with the terms of the 2017 Operating Agreement.

Equity-based compensation
In December 2017, the Company issued 3,250,000 Class C-1 membership units to certain employees for services. These membership units qualify as profits interests for U.S. federal income tax purposes and were accounted for in accordance with the provisions of IFRS 2. The units were fully vested on the grant date. The Company recorded a stock compensation expense of $1,522 in the Consolidated Statements of Operations for the year ended December 31, 2017.

11. COMMITMENTS & CONTINGENCIES

Commitments:
The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility, and dispensaries.

The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	772
Later than one year and not later than five years		1,688
Later than five years		134
Total	**$**	**2,594**

The Company has the following commitments related to its investments:

In November 2017, Acreage committed to $8,000 to MA RMD SVCS, LLC for capital expenditures and working capital needs. The unfunded commitment as at December 31, 2017 totaled $7,000.

The Company is subject to other capital commitments and similar obligations. As at December 31, 2017 and 2016 such amounts were not material.

Contingencies:
The Company may be, from time to time, subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. Contingent liabilities associated with legal proceedings are recorded when a liability is probable, and the contingent liability amount can be reasonably estimated.

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as at December 31, 2017, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

The Company had been in litigation with a consultant in connection with compensation for certain services performed in 2017. As a result, the Company recorded approximately $1,000 of accrued expenses as at December 31, 2017. A settlement was reached in June 2018. (See Note 15)

During 2017, the Company entered into a consulting agreement with a contingency fee of $200 payable in the event it raised more than $40,000 in capital. The threshold was reached in 2018 and the payment was made accordingly. The contingent fee was recorded in the period the contingency requirement was met.

12. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement
NCC has a 5-year lease with NCC RE, an entity in which the Company's wholly-owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning December 2016. The total amount of rent paid by NCC for the years ended December 31, 2017 and 2016 is $72 and $6, respectively.

Common ownership
A managing member of HSCPM, maintains an individual ownership interest in three of the Company's portfolio companies, WPMC (1.5%), PWCT (3.0%) and NCC (1.0%).

Related party promissory notes receivable
Acreage has certain outstanding notes receivable with related parties. Refer to Note 7 for further information.

Other current assets
The Company issued 6,000,000 Class C membership units in exchange for $630 in notes receivable to its founding members. Refer to Note 10 for further information.

13. INCOME TAXES

A reconciliation of income to taxable income is as follows:

		2017		2016
Loss before income taxes	$	(6,810)	$	(1,999)
Add: loss from pass-through entities		7,646		1,886
Add: expenses not deductible in the U.S.		1,338		1,102
Taxable income	$	2,174	$	989
Tax rate		37%		41%
Total income tax expense	**$**	**806**	**$**	**409**

14. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/ or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at December 31, 2017 is the carrying amount of cash, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at December 31, 2017, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts

with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

15. SUBSEQUENT EVENTS

General developments:

Class C profits interests
On March 17, 2018, the Company granted 3,838,000 Class C profits interests to employees and consultants for services.

Change in operating agreement
On April 13, 2018, High Street Capital Partners amended and restated the Limited Liability Company Operating Agreement. Updates include but are not limited to the authorization of Class D and Class E membership units. The previous version was dated March 24, 2017.

Capital raise - Class E
Beginning April 2018 through August 2018, High Street Capital Partners, LLC raised approximately $119 million in exchange for 19,352,143 Class E membership units. These Class E membership units are convertible into common stock upon a qualified public offering.

Compass disposition
In May 2018, the Company completed the sale of Compass, an investment classified as held for sale at FVTPL as at December 31, 2017. As at December 31, 2017, the Company owned approximately 47.5% of the business, with carrying value of $7,006. The Company sold the Compass equity interest for cash proceeds of $9,634, recognizing a $2,628 gain on the sale.

Settlement
In June 2018, the Company reached a settlement with a former consultant in exchange for a full release. The settlement and the litigation fees totaled approximately $1,000 and were accrued in other liabilities as at December 31, 2017.

Proposed reverse takeover
In September 2018, the Company entered into a definitive business combination agreement pursuant to which the Company will complete a reverse takeover of Applied Inventions Management Corp. ("AIM"), a registered issuer in the Province of Ontario, and the securityholders of the Company will hold substantially all of the outstanding securities of AIM following the proposed transaction. Immediately prior to the transaction, AIM will undertake a number of actions to prepare its share structure for the proposed transaction. An application has been made to list the resulting issuer's subordinate voting shares on the Canadian Securities Exchange. Following the transaction, the former securityholders of AIM will own CAD$1,500 shares of the resulting issuer, which will be renamed "Acreage Holdings, Inc."

New York outstanding litigation
On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Except where noted, pro-forma results of operations for the below acquisitions are not presented because they are not material to our Consolidated Statements of Operations. The majority of the entities listed below were non-operational at the time of acquisition. We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

HSCP Oregon, LLC
In January 2018, the Company purchased the remaining 51% non-controlling interest in HSCP Oregon, LLC for a total consideration of $500, which included cash and forgiveness of a shareholder advance.

MMRC
In May 2018, the Company purchased the remaining 20% non-controlling interest in MMRC for a total consideration of $203 in cash.

D&B Wellness, LLC
In May 2018, the Company acquired 100% of D&B Wellness, LLC (d/b/a Compassionate Care Center of Connecticut), a medical dispensary located in Bethel, Connecticut for a total consideration of $14,500, which included cash, Class D units and seller's notes.

Selected line items from the Company's pro-forma Condensed Interim Consolidated Statements of Operations for the years ended December 31, 2017 and 2016 are presented below:

	Acreage Holdings For the Year Ended		D&B Adjustments For the Year Ended		Pro-forma Results For the Year Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenues, net	$ 7,743	$ 3,771	$ 8,826	$ 8,973	$ 16,569	$ 12,744
Gross profit	2,976	1,163	4,138	4,326	$ 7,114	$ 5,489
Net operating income (loss)	(7,047)	(1,931)	1,488	2,271	(5,559)	340
Net income (loss)	(7,616)	(2,408)	1,488	2,271	(6,128)	(137)

South Shore BioPharma, LLP ("SSBP")
In May 2018, the Company purchased a management agreement through 100% acquisition of SSBP, a management company located in Norwell, Massachusetts for a total consideration of $4,277, which included cash, Class D units and seller's notes.

WPMC
In May 2018, the Company acquired a controlling interest in WPMC, increasing its ownership percentage from 39% to 83%, for total consideration of $19,368, consisting of cash and Class D units. WPMC is a management company located in Portland, Maine.

Impire
In June 2018, the Company acquired all remaining ownership interests in Impire, a financial intermediary located in New York State, for a total consideration of $2,500 consisting of Class D units.

Cannabliss
In June 2018, the Company acquired all remaining non-controlling interests in Cannabliss for a total consideration of $1,311, consisting of cash, Class D units and seller's notes.

PATCC
In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $16,082, which included Class D units and seller's notes.

MA RMD SVCS, LLC
In July 2018, the Company acquired all remaining non-controlling interests in MA RMD SVCS, LLC, a management company located in Scituate, Massachusetts. The consideration for this transaction totaled $9,364, consisting of cash, Class D units and seller's notes.

Greenleaf Ohio
The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The Company paid total consideration of $16,500, consisting of cash, Class D units and seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities.

Prime Wellness Centers, LLC ("PWC")
In August 2018, the Company acquired the all interests in license holder PWC, a vertically integrated operator of three dispensaries and a cultivation facility, all located in Massachusetts, which was formerly managed by PCG, a management company in which the Company owned a 20% equity interest. Total consideration was approximately $22,717, consisting of cash, Class D units and seller's notes.

NYCANNA
In August 2018, the Company acquired all remaining ownership interests in NYCANNA, a vertically integrated for-profit license holder located in New York for total consideration of $37,646, consisting of cash, Class D units and seller's notes.

PWCT
In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South Windsor, Connecticut for a total consideration of $10,076, consisting of cash, Class D units and seller's notes.

Compassionate Care Foundation, Inc. ("CCF")
In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services for a monthly fee based on product sales. The management agreement will terminate and any outstanding obligations will convert to an ownership interest should New Jersey pass a law allowing recreational sales.

WPMC
In September 2018, the Company increased its ownership in WPMC from 83% to 87% in exchange for $1,225 in Class D units.

PWPA
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, a cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

FLW
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC
In October, the Company entered into a Securities Purchase Agreement with In Grown Farms 2, LLC ("IGF"), an Illinois cultivation license holder, pursuant to which the Company will acquire IGF for a total purchase price of $15,500. The purchase price will be paid as follows: $8,000 will be payable on the closing date, $6,500 will be paid on January 15, 2019 (assuming the transaction has closed) and $1,000 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

Schedule "D"

ACREAGE HOLDINGS' MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Acreage Holdings (the "**Company**", "**we**", "**our**", "**us**" or "**Acreage**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102
• Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Statement Regarding Forward-Looking Statements", located at the beginning of this listing statement. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 9, 2018.

2. OVERVIEW OF THE COMPANY

Acreage was founded by Kevin Murphy in April of 2014 to invest in the burgeoning United States ("U.S.") regulated cannabis market. Historically, Acreage's principal business activity was to make debt and equity capital investments in existing cannabis license holders, cannabis license applicants and related management companies. These portfolio companies were party to financing and consulting services agreements with the Company in states throughout the U.S. where medical and/or adult use of cannabis is legal. Such investments included (but were not limited to) debt securities (secured or unsecured), convertible debt instruments, LLC membership interests and common or preferred equity securities issued by the portfolio company. Beginning in May 2018, the Company underwent a transformation whereby it consolidated controlling positions in nearly all portfolio companies under its ownership with the intent of being a single cohesive company operating across multiple states.

The Company has invested in geographically diverse licensed entities that operate in both adult use and medical authorized states. As at December 31, 2017, the Company's portfolio companies include assets comprised of state licensed dispensaries, cultivation and processing facilities, and other cannabis related companies across 11 states. In states where medical cannabis license holders may only be non-profit entities, the Company provided, and continues to provide, management services to the respective non- profit medical cannabis license holders on a contractual basis.

Today, the Company is one of the leading vertically integrated, multi-state cannabis operators in the U.S. Headquartered in New York City, the Company has one of the largest footprints of any cannabis company in the U.S. and is dedicated to building and scaling operations to create a seamless, consumer-focused, branded cannabis experience. The Company has a mission to champion and provide access to the beneficial properties of cannabis by creating the highest-quality products and experiences. We have fostered strong partnerships with physicians and medical researchers, with the aim of setting a new standard for the industry. As legislation and regulations evolve, we are poised to build on our leadership position by expanding our footprint and capabilities in bringing safe, affordable cannabis to the market. We deeply believe in the transformational power that cannabis has to heal and change the world.

Highlights from the year ended December 31, 2017

2017 was a transformational year for Acreage Holdings, as we evolved into one of the largest cannabis investors in the U.S. Below are some of the key events and highlights that were pivotal to our success in 2017:

- We secured approximately $30 million in financing via issuance of convertible notes.
- We provided growth capital investments across 10 businesses in nine different states, the largest of which included Pennsylvania, Oregon, Illinois, Massachusetts and New York.
- We made several strategic hires, bringing on board leaders and experts in marketing, mergers and acquisitions, operations, legal, finance and accounting, expanding our executive team and bolstering the backbone departments of the business.

Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Acreage's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in the states which we operate. As at December 31, 2017, the Company had consolidated operations in the following states:

Oregon

The Oregon Medical Marijuana Act (the "Act") was established in 1998 for limited non-commercial use. The Act removed criminal penalties for medical marijuana for patients with debilitating medical conditions whose doctor verified the condition and that medical marijuana may help it. Qualifying conditions include, but are not limited to, cancer, chronic pain, glaucoma and HIV/ AIDS. Non-medical cultivation and use of marijuana in Oregon was approved in 2014. Effective January 1, 2017, marijuana was able to be sold for recreational use only by businesses that have obtained a recreational license. Such businesses can also sell marijuana for medical use. Medical marijuana dispensaries that had not obtained a recreational license were no longer permitted to sell marijuana for recreational use after 2016. The state of Oregon does not have a limit on the number of dispensary, cultivation or processing licenses available for issuance.

The Company's Oregon subsidiaries hold five recreational dispensary licenses and one cultivation license is pending.

Holding Entity	City	Description	Status
East 11th Inc. Sorority	Eugene	Dispensary Facility	Issued
22nd and Burn Inc.	Portland	Dispensary Facility	Issued
Firestation 23, Inc.	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Springfield	Dispensary Facility	Issued
HSCP Oregon LLC	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Medford	Cultivation Facility	Pending

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 and provides state residents access to the program who suffer from one of the 17 qualifying serious conditions, including, but not limited to, epilepsy, chronic pain, HIV/ AIDS, cancer and post-traumatic stress disorder ("PTSD"). The program allows the Pennsylvania Department of Health to issue up to 25 cultivation and processing permits and 50 dispensary permits. Each dispensary permit holder can open up to three locations. On June 29, 2017, The Pennsylvania Department of Health issued 12 cultivation and processing permits and 27 dispensary permits. Prime Wellness of Pennsylvania, LLC, a consolidated subsidiary of the Company, was issued one cultivation and processing permit.

Maryland

The Maryland Medical Cannabis Commission ("MMCC") was established in May 2013, and the program became operational and sales began on December 1, 2017. The MMCC was created to analyze and study the use of medical cannabis and to develop policies, procedures and regulations to implement programs that ensure medical cannabis is available to qualifying patients in a safe and effective manner. The program was written to allow access to medical cannabis for patients with conditions that are considered severe for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and PTSD. The MMCC oversees all licensing, registration, inspection and testing measures pertaining to Maryland's medical marijuana program and provides relevant program information to patients, providers, caregivers, cultivators, processors, dispensaries and testing laboratories.

The MMCC has issued a limited number of dispensary, cultivation and processing licenses. There are currently 50 state licensed dispensaries, 14 cultivators and 13 processors throughout Maryland. Maryland Medicinal Research & Caring, LLC, a consolidated subsidiary of the Company, was awarded the right to apply for one dispensary license. As at December 31, 2017, the Company had begun the build out of its facilities while the finalization and issuance of the license was pending.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual consolidated financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year ended December 31,		Change	
	2017	2016	$	%
Revenues, net	$ 7,743	$ 3,771	3,972	105%
Cost of goods sold	(4,767)	(2,608)	(2,159)	(83)%
Gross profit	2,976	1,163	1,813	156%
Total operating expenses	(10,023)	(3,094)	(6,929)	(224)%
Total other income (loss), net	237	(68)	305	n/m
Income tax expense	(806)	(409)	(397)	(97)%
Net loss	$ (7,616)	$ (2,408)	(5,208)	(216)%
Total assets	$ 73,009	$ 31,486	41,523	132%
Long-term liabilities	$ 32,470	$ 655	31,815	n/m

n/m - Not meaningful

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

The Company derives its revenues from retail dispensary businesses where cannabis and cannabis-infused products are sold to consumers. Acreage has five operational dispensary facilities in Oregon; three in Portland, one in Eugene and one in Springfield. The Company is currently constructing a cultivation and processing facility in Medford, and the site will also house a sixth dispensary upon completion.

Revenues for the year ended December 31, 2017 were $7,743, an increase of $3,972, or 105%, from the year ended December 31, 2016. The increase was driven by the legalization of recreational sales in Oregon on January 1, 2017, the benefit from a full year of operations from our Springfield dispensary, which opened in April 2016, and by our February 2016 acquisition of 22nd & Burn, Inc., The Firestation 23, Inc. and East 11th, Inc. (together "Cannabliss"). Additionally, our Powell dispensary commenced operations in March 2017 and also contributed to the increase in revenues.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includes allocations of rent, administrative salaries, utilities and related costs. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold for the year ended December 31, 2017 was $4,767, an increase of $2,159, or 83%, from the year ended December 31 2016, primarily due to the increase in Oregon operations mentioned above. The gross profit margin for the years ended December 31, 2017 and 2016 was 38% and 31%, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices, personnel costs including salaries, incentive compensation, benefits and share based compensation, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support our aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to incur acquisition and transaction costs related to our expansion plans. We anticipate a significant increase in stock compensation expense related to recruiting and hiring talent, as well as increases in accounting, legal and professional fees associated with being a publicly traded company.

Total operating expenses for the year ended December 31, 2017 was $10,023, an increase of $6,929, or 224%, compared to the year ended December 31, 2016. This was driven by increased general and administrative expenses reflecting the increased volume and complexity of services required as the Company's operations increased over the year, as well as increased compensation expense driven by stock compensation expense from the issuance of profits interest units to certain employees for services and an increase in headcount from the scaling up of operations.

Total other income (loss), net
Total other income for the year ended December 31, 2017 was $237, an increase of $305 when compared to a loss of $68 for the year ended December 31, 2016. The increase is primarily driven by $2,536 higher income from investments and $215 income from the change in fair value of derivative liabilities, partially offset by $1,465 higher interest expense from the senior secured convertible notes issued during the year and a $1,000 settlement of a fee dispute with a former consultant.

Net Loss
Net loss for the year ended December 31, 2017 was $7,616, an increase of $5,208 or 216%, compared to a net loss of $2,408 for the year ended December 31, 2016. The increase in net loss was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, acquisitions, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. To date, we have used private financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our ability to fund our operations, to make planned capital expenditures, to acquire other entities or investments, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the year ended December 31,		Change	
	2017	2016	$	%
Net cash used in operating activities	$ (5,942)	$ (1,375)	(4,567)	(332)%
Net cash used in investing activities	(19,382)	(13,433)	(5,949)	(44)%
Net cash provided by financing activities	36,259	16,090	20,169	125%
Change in cash	$ 10,935	$ 1,282	9,653	753%

As at December 31, 2017, we had $16,231 of cash, $269 of restricted cash and $7,482 of working capital surplus (current assets minus current liabilities), compared with $5,296 of cash and cash equivalents, no restricted cash and $3,714 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash used in operating activities
Net cash used in operating activities was $5,942 for the year ended December 31, 2017, an increase of $4,567, or 332%, compared to $1,375 for the year ended December 31, 2016. The increase was primarily driven by the increased net loss, partially offset by the lower usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash used in investing activities
Net cash used in investing activities was $19,382 for the year ended December 31, 2017, an increase of $5,949, or 44%, compared to $13,433 for the year ended December 31, 2016.

The outflow of $19,382 for the year ended December 31, 2017 primarily consisted of $10,985 of funds disbursed for investments,
$4,704 of capital additions, which predominantly relate to the construction of the cultivation and processing facility in Pennsylvania and $3,823 of promissory notes issued.

The major outflows for the year ended December 31, 2016 primarily consisted of $11,387 of funds disbursed for investments,
$2,628 of promissory notes issued and $703 for the acquisition of Cannabliss, partially offset by $1,297 of distributions from investments.

Cash provided by financing activities
Net cash provided by financing activities was $36,259 for the year ended December 31, 2017, an increase of $20,169, or 125%, compared to $16,090 for the year ended December 31, 2016.

The inflow of $36,259 for the year ended December 31, 2017 primarily consisted of $29,817 proceeds from convertible notes issued and $6,461 of capital contributions from non-controlling interests.

The inflow for the year ended December 31, 2016 represents $11,331 of capital contributions from members and $4,759 of capital contributions from non-controlling interests.

Contractual obligations
The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	772
Later than one year and not later than five years		1,688
Later than five years		134
Total	**$**	**2,594**

The Company has the following commitments related to its investments:

In November 2017, Acreage committed to $8,000 to MA RMD SVCS, LLC for capital expenditures and working capital needs. The unfunded commitment as at December 31, 2017 totaled $7,000.

The Company is subject to other capital commitments and similar obligations. As at December 31, 2017 and 2016 such amounts were not material.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement
NCC, LLC ("NCC") has a 5-year lease with NCC Real Estate, LLC ("NCC RE"), an entity in which the Company's wholly- owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning December 2016. The total amount of rent paid by NCC for the years ended December 31, 2017 and 2016 is $72 and $6, respectively.

Common ownership
A managing member of High Street Capital Partners Management, LLC, ("HSCPM") maintains an individual ownership interest in three of the Company's portfolio companies, The Wellness & Pain Management Connection, LLC (1.5%), Prime Wellness of Connecticut (3.0%) and NCC (1.0%).

Related party promissory notes receivable
As described in Note 7 of the consolidated financial statements, Acreage has outstanding notes receivable with related parties totaling $1,676 and $828 as at December 31, 2017 and 2016, respectively. The interest rates on the notes range from 0-18%. Interest income on the notes amounted to $111 and $102 for the years ended December 31, 2017 and 2016, respectively.

Other assets
As described in Note 10 of the consolidated financial statements, the Company exchanged notes receivable for Class C membership units. These notes bear interest at 2.05% annually. The Company forgave 50% of the outstanding balance during 2017 in recognition of services performed and classified as compensation expense. The remaining balance of $315 was outstanding as at December 31, 2017.

7. PROPOSED TRANSACTIONS

General developments:

Class C profits interests
On March 17, 2018, the Company granted 3,838,000 Class C profits interests to employees and consultants for services.

Change in operating agreement
On April 13, 2018, High Street Capital Partners amended and restated the Limited Liability Company Operating Agreement. Updates include but are not limited to the authorization of Class D and Class E membership units. The previous version was dated March 24, 2017.

Capital raise - Class E
Beginning April 2018 through August 2018, High Street Capital Partners, LLC raised approximately $119 million in exchange for 19,352,143 Class E membership units. These Class E membership units are convertible into common stock upon a qualified public offering. The funds will be used to prepare for the listing on the Canadian Securities Exchange and to increase the Company's footprint in the U.S.

Compass disposition
In May 2018, the Company completed the sale of Compass Ventures, Inc., Greenhouse Compass, LLC, HSGH Properties, LLC and HSGH Properties Union, LLC (together, "Compass"), an investment classified as held for sale at fair value throgh profit and loss as at December 31, 2017. As at December 31, 2017, the Company owned approximately 47.5% of the business, with carrying value of $7,005. The Company sold the Compass equity interest for cash proceeds of $9,634, recognizing a $2,628 gain on the sale.

Settlement
In June 2018, the Company reached a settlement with a former consultant in exchange for a full release. The settlement and the litigation fees totaled approximately $1,000 and were accrued in other liabilities as at December 31, 2017.

Proposed reverse takeover
In September 2018, the Company entered into a definitive business combination agreement pursuant to which the Company will complete a reverse takeover of Applied Inventions Management Corp. ("AIM"), a registered issuer in the Province of Ontario, and the securityholders of the Company will hold substantially all of the outstanding securities of AIM following the proposed transaction. Immediately prior to the transaction, AIM will undertake a number of actions to prepare its share structure for the proposed transaction. An application has been made to list the resulting issuer's subordinate voting shares on the Canadian Securities Exchange. Following the transaction, the former securityholders of AIM will own CAD$1,500 shares of the resulting issuer, which will be renamed "Acreage Holdings, Inc."

New York outstanding litigation
On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, LLC ("NYCANNA"), Impire State Holdings, LLC ("Impire"), NY Medicinal Research & Caring, LLC ("NYMRC") (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Except where noted, pro-forma results of operations for the below acquisitions are not presented because they are not material to our Consolidated Statements of Operations. The majority of the entities listed below were non-operational at the time of acquisition.

We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

HSCP Oregon, LLC
In January 2018, the Company purchased the remaining 51% non-controlling interest in HSCP Oregon, LLC for a total consideration of $500, which included cash and forgiveness of a shareholder advance.

Maryland Medicinal Research & Caring, LLC ("MMRC")
In May 2018, the Company purchased the remaining 20% non-controlling interest in MMRC for a total consideration of $203 in cash.

D&B Wellness, LLC
In May 2018, the Company acquired 100% of D&B Wellness, LLC (d/b/a Compassionate Care Center of Connecticut), a medical dispensary located in Bethel, Connecticut for a total consideration of $14,500, which included cash, Class D units and seller notes.

Selected line items from the Company's pro-forma Condensed Interim Consolidated Statements of Operations for the years ended December 31, 2017 and 2016 are presented below:

	Acreage Holdings For the Year Ended		D&B Adjustments For the Year Ended		Pro-forma Results For the Year Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenues, net	$ 7,743	$ 3,771	$ 8,826	$ 8,973	$ 16,569	$ 12,744
Gross profit	2,976	1,163	4,138	4,326	$ 7,114	$ 5,489
Net operating income (loss)	(7,047)	(1,931)	1,488	2,271	(5,559)	340
Net income (loss)	(7,616)	(2,408)	1,488	2,271	(6,128)	(137)

South Shore BioPharma, LLP ("SSBP")
In May 2018, the Company purchased a management agreement through 100% acquisition of SSBP, a management company located in Norwell, Massachusetts for a total consideration of $4,277, which included cash, Class D units and seller notes.

The Wellness & Pain Management Connection, LLC ("WPMC")
In May 2018, the Company acquired a controlling interest in WPMC, increasing its ownership percentage from 39% to 83%, for total consideration of $19,368, consisting of cash and Class D units. WPMC is a management company located in Portland, Maine.

Impire State Holdings, LLC ("Impire")
In June 2018, the Company acquired all remaining ownership interests in Impire, a financial intermediary located in New York State, for a total consideration of $2,500 consisting of Class D units.

Cannabliss
In June 2018, the Company acquired all remaining non-controlling interests in Cannabliss for a total consideration of $1,311, consisting of cash, Class D units and seller notes.

Prime Alternative Treatment Care Consulting, LLC ("PATCC")
In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $16,082, which included Class D Units and seller notes.

MA RMD SVCS, LLC
In July 2018, the Company acquired all remaining non-controlling interests in MA RMD SVCS, LLC, a management company located in Scituate, Massachusetts. The consideration for this transaction totaled $9,364, consisting of cash, Class D Units and seller notes.

Greenleaf Ohio
The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The Company paid total consideration of $16,500, consisting of cash, Class D units and seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities.

Prime Wellness Centers, LLC ("PWC")
In August 2018, the Company acquired the all interests in license holder PWC, a vertically integrated operator of three dispensaries and a cultivation facility, all located in Massachusetts, which was formerly managed by Prime Consulting Group, LLC, a management company in which the Company owned a 20% equity interest. Total consideration was approximately $22,717, consisting of cash, Class D units and seller's notes.

NYCANNA, LLC
In August 2018, the Company acquired all remaining ownership interests in NYCANNA, LLC, a vertically integrated for-profit license holder located in New York for total consideration of $37,646, consisting of cash, Class D units and seller's notes.

Prime Wellness of Connecticut, LLC ("PWCT")
In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South Windsor, Connecticut for a total consideration of $10,076, consisting of cash, Class D units and seller's notes.

Compassionate Care Foundation, Inc. ("CCF")
In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services for a monthly fee based on product sales. The management agreement will terminate and any outstanding obligations will convert to an ownership interest should New Jersey pass a law allowing recreational sales.

WPMC
In September 2018, the Company increased its ownership in WPMC from 83% to 87% in exchange for $1,225 in Class D units.

Prime Wellness of Pennsylvania, LLC ("PWPA")
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, a cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

Florida Wellness, LLC ("FLW")
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC
In October, the Company entered into a Securities Purchase Agreement with In Grown Farms 2, LLC ("IGF"), an Illinois cultivation license holder, pursuant to which the Company will acquire IGF for a total purchase price of $15,500. The purchase price will be paid as follows: $8,000 will be payable on the closing date, $6,500 will be paid on January 15, 2019 (assuming the transaction has closed) and $1,000 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the review affects both current and future periods. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial instruments

The Company evaluates the fair value of investments at the end of each reporting period. In addition to investment-specific information, the Company considers general market trends, conditions and transactions. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

The fair value of investments may be adjusted if:

- There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- There have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value;
- The investee company is placed into receivership or bankruptcy;
- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- The investee company makes important positive/negative management changes that the Company's management believes will have a positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustment to the fair value of the investments will be based upon management's judgment and any value estimated may not be realized or realizable. See Note 6 of the consolidated financial statements for discussion of current period fair value adjustments.

Derivative liabilities

The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Black-Scholes model with a Monte Carlo simulation. Critical estimates and assumptions used in the model are discussed in Note 9 of the consolidated financial statements.

Income taxes

Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

Income tax expense is recognized in the Consolidated Statements of Operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measures using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxing authority and the Company intends to settle its current tax assets and liabilities on a net basis.

At December 31, 2017 and 2016, deferred tax assets and liabilities were immaterial.

Certain Acreage subsidiaries are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax- related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

As discussed above, the Company has taken the position that any costs included in cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance. The Company exercises significant judgments in determining the amounts to include within cost of goods sold, which include allocations of overhead attributable to sales calculated using identifiable metrics such as employee time sheets and square footage.

Business combinations
Judgement is required to determine when the Company gains control of an investment. This requires an assessment of the relevant activities of the investee that significantly affect its returns, including operating and capital expenditure decision-making, financing of the investee, key management personnel changes and when decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Investments in which the Company does not gain control are accounted for as investments in associates (if the Company has significant influence) or as investments in private entities (if the Company has no significant influence). Refer to Note 4 and Note 6 of the consolidated financial statements for further discussion.

Impairment on promissory notes receivable
At each reporting date the Company assesses whether there is objective evidence that a promissory note receivable is impaired. A promissory note receivable is deemed to be impaired, if, and only if, there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the note and that event has an impact on the estimated future cash flows of the promissory note receivable. Refer to Note 14 of the consolidated financial statements for further discussion on credit risk.

Impairment on investments in associates
An impairment loss on an investment in an associate is measured by comparing the recoverable amount of the investment with its carrying amount. The Company must assess several factors, such as the market conditions, potential buyers and the performance of the associate to determine the recoverable amount. Refer to Note 6 of the consolidated financial statements for further discussion.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

Several new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these consolidated financial statements:

Leases
In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"). The new standard will replace IAS 17 - Leases ("IAS 17") and eliminate the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in similar accounting treatment to current finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is included in *Depreciation and amortization* in the Consolidated Statements of Operations, and an interest component is recognized for each lease, resulting in similar accounting treatment to current finance leases under IAS 17. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our consolidated financial statements.

Revenue
In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15"), which replaces the existing standards for revenue recognition. The new standard establishes a framework for the recognition and measurement of revenues generated from contracts with customers, providing a principles-based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied. Revenues outside of the scope of IFRS 15 include interest and dividend income, trading revenues, securities gains/losses, insurance revenues and lease income. The standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from transactions with our customers. In April 2016, the IASB issued clarifications to IFRS 15, which provide additional clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and intellectual property licenses.

The Company has substantially completed the assessment of the impact of the application of the new standard and reached conclusions on key accounting policies upon transitioning to IFRS 15. The Company has not identified any material impacts on the Consolidated Statements of Financial Position or the Consolidated Statements of Operations upon initial application. The Company does not expect the implementation of IFRS 15 to otherwise have a significant impact on its retail revenue stream. The Company continues to assess the impact of the disclosure requirements under IFRS 15 on the Company's consolidated financial statements.

Equity-settled payment
In June 2016, the IASB issued amendments to IFRS 2 - Share-based payment in relation to the classification and measurement of equity-settled payment transactions. We do not expect the amendments to have a significant impact on our consolidated financial statements. The amendments are effective for our fiscal year beginning January 1, 2018.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at December 31, 2017 is the carrying amount of cash, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at December 31, 2017, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

11. OUTSTANDING SHARE DATA

From January 2016 to November 2016, the Company issued 12,225,000 Class A membership units in exchange for $11,981 in cash and other assets, net of $244 costs incurred in connection with the issuance. The Acreage operating agreement provides the Class A membership units with priority recovery of their invested capital in the event of a dissolution of the Company.

In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable, which bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense.

In December 2017, the Company issued 100,329 Class A payment-in-kind units in lieu of cash in connection with interest payable on outstanding notes.

In December 2017, the Company issued 3,250,000 Class C-1 membership units to certain employees for services. These membership units qualify as profits interests for U.S. federal income tax purposes.

The following share capital data is current as of the date of this document:

Shares Outstanding

(expressed in units)	**Balance**
Class A units	26,928,608
Class B units	20,000,000
Class C units	6,000,000
Class C-1 units	7,488,000
Class D units	17,018,390
Class E units	19,352,143
Total	**96,787,141**

Schedule "E"

ACREAGE HOLDINGS' INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the Three and Six Months Ended June 30, 2018 and 2017
(In United States Dollars)

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ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in $000's USD)	Note	(Unaudited) June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 85,992	$ 16,231
Restricted cash	3	7,258	269
Inventory	9	1,538	463
Biological assets	9	1,027	–
Other current assets		344	515
Total current assets		96,159	17,478
Investments	6	28,393	33,748
Promissory notes receivable	7	8,501	6,987
Capital assets, net	8	14,976	11,039
Intangible assets, net	5	61,955	800
Goodwill	5	2,191	2,191
Deferred acquisition costs	4	11,496	–
Other non-current assets		389	766
Total non-current assets		127,901	55,531
TOTAL ASSETS		$ 224,060	$ 73,009
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 4,559	$ 7,802
Taxes payable	14	1,530	1,114
Interest payable	10	232	143
Current portion of debt	10	9,668	20
Other current liabilities		935	917
Total current liabilities		16,924	9,996
Debt	10	31,809	27,598
Derivative liabilities	10	8,873	2,897
Deposits	3	7,163	–
Other liabilities		85	1,975
Total non-current liabilities		47,930	32,470
TOTAL LIABILITIES		$ 64,854	$ 42,466
Members' equity	11	140,143	20,133
Non-controlling interests	11	19,063	10,410
TOTAL MEMBERS' EQUITY		$ 159,206	$ 30,543
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 224,060	$ 73,009

Approved on behalf of Management on November 9, 2018:

"Kevin Murphy"
Chief Executive Officer

"Glen Leibowitz"
Chief Financial Officer

See accompanying notes to unaudited condensed interim consolidated financial statements

ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Expressed in $000's USD)	Note	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Revenues, net		$ 2,951	$ 1,853	$ 5,148	$ 3,443
Cost of goods sold		(1,762)	(946)	(3,228)	(2,150)
Gross profit, excluding fair value items		1,189	907	1,920	1,293
Unrealized fair value gain on growth of biological assets		446	–	979	–
Gross profit		1,635	907	2,899	1,293
OPERATING EXPENSES					
General and administrative		2,622	728	4,397	2,464
Compensation expense		2,070	590	5,055	1,030
Marketing		417	56	621	105
Depreciation and amortization	5, 8, 9	265	2	275	3
Total operating expenses		5,374	1,376	10,348	3,602
Net operating loss		$ (3,739)	$ (469)	$ (7,449)	$ (2,309)
Income from investments, net	6	19,652	151	19,870	317
Interest income	7	44	109	135	188
Interest expense	10	(1,618)	(51)	(3,168)	(56)
Change in fair market value of derivative liabilities	10	(7,018)	–	(5,976)	–
Other income (loss), net		(966)	30	(1,007)	64
Total other income		10,094	239	9,854	513
Net income (loss) before income taxes		$ 6,355	$ (230)	$ 2,405	$ (1,796)
Income tax expense	14	(247)	(204)	(483)	(408)
Net income (loss)		$ 6,108	$ (434)	$ 1,922	$ (2,204)
Less: net income (loss) attributable to non-controlling interests		112	(325)	200	(906)
Net income (loss) attributable to members of the parent		$ 5,996	$ (109)	$ 1,722	$ (1,298)

See accompanying notes to unaudited condensed interim consolidated financial statements

ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(Unaudited)

	Attributable to members of the parent						
(Expressed in $000's USD)	Membership Units	Contributed Capital	Units Reserve	Accumulated Deficit	Total Member Equity	Non-controlling interests	Total Equity
Balance as at December 31, 2016	**40,000,000**	**$ 26,697**	**$ –**	**$ (2,318)**	**$ 24,379**	**$ 4,562**	**$ 28,941**
Issuance of Class C units for in-kind contributions	6,000,000	630	–	–	630	–	630
Interest expense settled with PIK Class A units	–	–	41	–	41	–	41
Capital contributions, net	–	–	–	–	–	3,412	3,412
Net loss	–	–	–	(1,298)	(1,298)	(906)	(2,204)
Balance as at June 30, 2017	**46,000,000**	**$ 27,327**	**$ 41**	**$ (3,616)**	**$ 23,752**	**$ 7,068**	**$ 30,820**
Issuance of Class C profits interests	3,250,000	1,522	–	–	1,522	–	1,522
PIK units issued from reserve	8,460	41	(41)	–	–	–	–
Interest expense settled with PIK Class A units	91,869	444	120	–	564	–	564
Capital contributions, net	–	–	–	–	–	3,049	3,049
Net income (loss)	–	–	–	(5,705)	(5,705)	293	(5,412)
Balance as at December 31, 2017	**49,350,329**	**$ 29,334**	**$ 120**	**$ (9,321)**	**$ 20,133**	**$ 10,410**	**$ 30,543**
Issuance of Class D units for in-kind contributions	3,143,272	19,488	–	–	19,488	–	19,488
Issuance of Class E units, net	16,699,104	100,005	–	–	100,005	–	100,005
Equity-based compensation expense	–	–	826	–	826	–	826
Class C profits interests vested	1,515,000	648	(648)	–	–	–	–
PIK units issued from reserve	24,772	120	(120)	–	–	–	–
Interest expense settled with PIK Class A units	73,798	357	615	–	972	–	972
Capital contributions, net	–	–	–	–	–	2,723	2,723
Increase in non-controlling interests from business acquisitions	–	–	–	–	–	7,241	7,241
Purchase of non-controlling interests	–	(3,003)	–	–	(3,003)	(1,511)	(4,514)
Net income	–	–	–	1,722	1,722	200	1,922
Balance as at June 30, 2018	**70,806,275**	**$ 146,949**	**$ 793**	**$ (7,599)**	**$ 140,143**	**$ 19,063**	**$ 159,206**

See accompanying notes to unaudited condensed interim consolidated financial statements

ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Expressed in $000's USD)	Six months ended June 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 1,922	$ (2,204)
Adjustments for:		
Depreciation and amortization	275	3
Equity-based compensation expense	1,141	–
Change in fair market value of derivative liabilities	5,976	–
Change in fair market value of biological assets	(979)	–
Gain on sale of investment	(2,628)	–
Non-cash interest expense	2,503	41
Non-cash (income) loss from investments, net	(16,983)	(167)
Non-cash miscellaneous income	(40)	–
Non-cash expense from lost deposits	575	–
Collection of interest	198	44
Other	–	7
Change, net of acquisitions in:		
Inventory	(510)	(40)
Biological assets	(334)	–
Other assets	(39)	(28)
Interest receivable	(135)	(188)
Accounts payable and accrued liabilities	(5,493)	161
Taxes payable	416	408
Interest payable	89	5
Other liabilities	(1,230)	–
Net cash used in operating activities	$ (15,276)	$ (1,958)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of capital assets	$ (3,740)	$ (340)
Investments in promissory notes receivable	(2,965)	(1,100)
Collection of promissory notes receivable	2,202	–
Cash paid for investments	(1,821)	(8,325)
Proceeds from sale of investment	9,634	–
Business acquisitions, net of cash acquired	(8,067)	–
Purchase of intangible asset	(416)	–
Deferred acquisition costs	(11,216)	–
Distributions from investments	141	221
Cash transferred from escrow	174	–
Net cash used in investing activities	$ (16,074)	$ (9,544)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of membership units, net	$ 101,785	$ –
Proceeds from convertible note, net of deferred costs	–	4,626
Shareholder advance	–	(52)
Purchase of non-controlling interest	(904)	–
Repayment of loan	(2,493)	(9)
Capital contributions - non-controlling interests, net	2,723	3,412
Net cash provided by financing activities	$ 101,111	$ 7,977
Net increase (decrease) in cash	$ 69,761	$ (3,525)
Cash - Beginning of period	16,231	5,296
Cash - End of period	$ 85,992	$ 1,771

See accompanying notes to unaudited condensed interim consolidated financial statements

ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Interest paid	$	576	$	10
Income taxes paid		67		–
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Deferred acquisition costs not yet paid for	$	855	$	–
Capital assets not yet paid for		135		–
Receipt of capital assets previously paid for		246		–
Equity issuance costs payable		1,749		–
Settlement of prior liability with issuance of Class D units		602		–
Change in fair value of biological assets transferred to inventory		236		–

See accompanying notes to unaudited condensed interim consolidated financial statements

1. NATURE OF OPERATIONS

Acreage Holdings (the "Company" or "Acreage") was formed on April 29, 2014 and is a Delaware limited liability company under the legal name of High Street Capital Partners, LLC. The Company offers financial and operational support to its subsidiaries and investees. As at June 30, 2018, the Company held investments in cultivation facilities, dispensaries and other cannabis related companies across 13 states.

The Company's corporate office and principal place of business is located at 366 Madison Avenue, New York, New York, in the United States of America. Its operations officially commenced on January 1, 2015, when certain investments were contributed into Acreage in exchange for membership units by its founding member. Directors and officers of the Company control 36% and 49% of the voting units of the Company as at June 30, 2018 and December 31, 2017, respectively.

The Company is managed by High Street Capital Partners Management, LLC ("HSCPM" or "Manager"). HSCPM was formed on April 9, 2014 and is a Delaware limited liability company. As the sole manager, HSCPM has the authority to make key decisions on behalf of the Company. HSCPM also incurs certain operating expenses on behalf of Acreage, such as rent and payroll, for which it is reimbursed in accordance with the management agreement. The entity is 100% owned by the founding members of Acreage.

2. BASIS OF PREPARATION

Statement of compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee. These unaudited condensed interim consolidated financial statements were approved and authorized for issue by Management on November 9, 2018.

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value and investments recorded using the equity method of accounting.

Functional and presentation currency

The unaudited condensed interim consolidated financial statements and the accompanying notes are expressed in United States ("U.S.") Dollars.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and expose itself to the variable returns from the entity's activities. The unaudited condensed interim consolidated financial statements include the results of subsidiaries' operations from the date that control commences until the date that control ceases.

The Company's subsidiaries and ownership interests are as follows:

Business Name	Entity Type	State of Operations	June 2018 Ownership %	December 2017 Ownership %
Cannabliss:				
22nd & Burn, Inc.	Dispensary	OR	100%	70%
East 11th, Inc.	Dispensary	OR	100%	65%
The Firestation 23, Inc.	Dispensary	OR	100%	65%
HSCP Oregon, LLC	Dispensary / Cultivation license	OR	100%	49%
HSC Solutions, LLC	Investment company	NY	100%	100%
Florida Wellness, LLC ("FLW")	Investment company	FL	44%	44%
Impire State Holdings, LLC ("Impire")	Investment company	NY	100%	80%
Prime Wellness of Pennsylvania, LLC ("PWPA")	Cultivation facility	PA	50%	50%
MA RMD SVCS, LLC	Management company	MA	51%	51%
Maryland Medicinal Research & Caring, LLC ("MMRC")	Dispensary	MD	100%	80%
The Wellness & Pain Management Connection LLC ("WPMC")	Management Company	ME	83%	39%
D&B Wellness, LLC ("D&B")	Dispensary	CT	100%	—%

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated. Unrealized losses are eliminated to the extent of the gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest

Non-controlling interest is shown as a component of total members' equity on the unaudited Condensed Interim Consolidated Statements of Financial Position, and the share of income (loss) attributable to non-controlling interest is shown as a component of net income (loss) in the unaudited Condensed Interim Consolidated Statements of Operations.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared following substantially the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2017, except as noted below.

The Company implemented the following additional policies beginning January 1, 2018:

Restricted cash

Restricted cash represents funds contractually held for specific purposes and, as such, not available for general corporate purposes.

Deposits

Deposits represent refundable proceeds related to the issuance of Class E units.

Revenue recognition

The IASB's new revenue recognition standard IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was adopted by the Company on January 1, 2018. The new standard replaces IAS 18 - Revenue, and provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adoption. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price

4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the good to the customer. Revenue from management contracts is recognized over time as the management services are provided.

Biological assets and inventory

In accordance with IAS 41 - Agriculture, the Company's biological assets are measured at fair value less costs to sell up to the point of harvest. The Company capitalizes all direct and indirect costs as they are incurred, which include the direct costs of seeds and growing materials and indirect costs such as utilities and allocated labor, depreciation and overhead costs. These costs are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations in the period in which the related product is sold. The unrealized fair value adjustments on growth of biological assets are recorded in a separate line on the unaudited Condensed Interim Consolidated Statements of Operations.

The Company's inventories initially include the fair value of the biological assets at the time of harvest. They also include subsequent costs to prepare the product for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and allocated labor. All direct and indirect costs related to inventory are capitalized when they are incurred, and they are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations, except for the realized fair value amounts included in inventory sold which are recorded on a separate line item. Inventory is valued at the lower of cost and net realizable value.

4. ACQUISITIONS

During the six months ended June 30, 2018, the Company made the following acquisitions, and has allocated each purchase price as follows:

Purchase Price Allocation	**D&B [1]**	**WPMC [2]**
Assets acquired:		
Cash and cash equivalents	$ 289	$ 62
Inventory	120	–
Other current assets	29	40
Promissory notes receivable	–	814
Capital assets, net	46	–
Intangible assets	14,308	42,774
Other non-current assets	5	–
Liabilities assumed:		
Accounts payable and accrued liabilities	(297)	(69)
Fair value of net assets acquired	**$ 14,500**	**$ 43,621**

The consideration has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition.

(1) On May 31, 2018, the Company acquired all interests in license holder D&B for total consideration of $14,500, which includes: (i) $250 in cash, (ii) $11,150 in seller's notes and (iii) $3,100 Class D membership units.

Selected line items from the Company's unaudited pro-forma Condensed Interim Consolidated Statement of Operations for the six months ended June 30, 2018 and 2017 are presented below:

	Acreage Holdings For the Six Months Ended		D&B Adjustments For the Six Months Ended		Pro-forma Results For the Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenues, net	$ 5,148	$ 3,443	$ 3,521	$ 4,362	$ 8,669	$ 7,805
Gross profit	2,899	1,293	1,650	2,122	4,549	3,415
Net operating income (loss)	(7,449)	(2,309)	1,108	1,466	(6,341)	(843)
Net income (loss)	1,922	(2,204)	1,025	1,466	2,947	(738)

(2) In May 2018, the Company obtained a management contract with a useful life of 18 years by acquiring a controlling interest in WPMC. Total consideration for this transaction was $43,621, which includes: (i) $8,168 in cash, (ii) $11,200 of stock in the form of Class D membership units, (iii) $17,012 fair market value of the previously held interest and (iv) $7,241 fair market value of the non-controlling interest. As a result of this acquisition, the previously held interest in WPMC was re-measured from
$6,230 to $17,012, resulting in a gain of $10,782, which was recorded in *Income from investments, net* on the unaudited Condensed Interim Consolidated Statements of Operations in the three and six months ended June 30, 2018.

The purchases have been accounted for by the acquisition method, with the results included in the Company's net earnings from the date of acquisition. The fair value of the assets acquired and the liabilities assumed have been determined on a provisional basis utilizing information available at the time of the acquisition. Additional information is being gathered to finalize these provisional measurements, particularly with respect to intangible assets, working capital, and deferred income taxes. Accordingly, the measurement of assets acquired and liabilities assumed may change upon finalization of the Company's valuation and completion of the purchase price allocation, both of which are expected to occur no later than one year from the acquisition date. Pro-forma results of operations for WPMC are not presented because they are not material to our unaudited Condensed Interim Consolidated Statements of Operations.

Deferred acquisition costs

The Company makes advance payments to certain acquisition targets for which the transfer is pending certain regulatory approvals prior to the acquisition date.

As at June 30, 2018, the Company had the following deferred acquisition costs:

Acquisition Target	June 30, 2018
NYCANNA, LLC ("NYCANNA")	$ 8,921
Prime Wellness of Connecticut, LLC ("PWCT")	2,475
NCC, LLC ("NCC")	100
Deferred acquisition costs	**$ 11,496**

5. INTANGIBLE ASSETS AND GOODWILL

A reconciliation of the beginning and ending balances of goodwill and intangible assets is as follows:

	License	Management Contract	Accumulated Amortization	Intangible Assets, net	Goodwill
As at December 31, 2017	**$ 800**	**$ –**	**$ –**	**$ 800**	**$ 2,191**
SSBP (1)	–	4,277	(8)	4,269	–
D&B [2]	14,308	–	–	14,308	–
WPMC [2]	–	42,774	(196)	42,578	–
As at June 30, 2018	**$ 15,108**	**$ 47,051**	**$ (204)**	**$ 61,955**	**$ 2,191**

(1) In May 2018, the Company purchased a management contract with a useful life of 20 years through acquisition of South Shore BioPharma, LLC ("SSBP"), a management company located in Massachusetts, for a total consideration of $4,277, which included: (i) $416 in cash, (ii) $2,056 in seller's notes and (iii) $1,805 in Class D membership units. The Company determined the purchase did not qualify as a business combination as SSBP was not operational at the time of purchase.

(2) In May 2018, the Company completed its acquisition of D&B and WPMC. Refer to Note 4 for further details.

6. INVESTMENTS

The carrying values of the Company's investments in the unaudited Condensed Interim Consolidated Statements of Financial Position as at June 30, 2018 and December 31, 2017 are as follows:

	June 30, 2018	December 31, 2017
Investments in private entities	$ 24,568	$ 18,473
Investments in associates	3,825	8,269
Investments held for sale	–	7,006
Total	**$ 28,393**	**$ 33,748**

Income from investments, net in the Condensed Interim Consolidated Statements of Operations for the three and six months ended June 30, 2018 and 2017 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Investments in private entities	$ 6,173	$ 150	$ 6,353	$ 150
Investments in associates	10,851	1	10,889	167
Gain on investment held for sale	2,628	–	2,628	$ –
Total	**$ 19,652**	**$ 151**	**$ 19,870**	**$ 317**

Investments in private entities

The Company's investments in private entities as at June 30, 2018 and December 31, 2017 are as follows:

			Carrying Value		Ownership Interests	
Entity Name	**Entity Type**	**Primary state of operations**	**June 30, 2018**	**December 31, 2017**	**June 30, 2018**	**December 31, 2017**
San Felasco Nurseries, LLC ("SFN") [1]	Cultivation and Dispensary	Florida	$ 6,714	$ 6,714	7%	7%
PWCT [2]	Dispensary	Connecticut	1,750	1,750	18%	18%
Dixie Brands, Inc. [2]	Consumer Products	Colorado	3,050	3,050	4%	7%
NYCANNA [3]	Cultivation and Dispensary	New York	12,502	6,407	25%	20%
Kalyx Development, Inc. [2]	Real Estate Development	New York	552	552	9%	14%
			$ 24,568	**$ 18,473**		

Investments in private entities are measured at FVTPL and are classified as Level 3 in the fair value hierarchy. The following factors were considered in the fair value assessment as at the end of each reporting period:

(1) The Company reviewed comparable market transactions and determined no material changes to the investment's fair value was necessary. FLW, a consolidated subsidiary of the Company, owns 15% of SFN.

(2) The Company reviewed investment-specific financial information provided by the investee as well as comparable market transactions and determined no material change to the investment's fair value was necessary.

(3) This investment represents the Company's indirect interest in NYCANNA, a medical cannabis license holder in the State of New York formed on November 1, 2016. The Company has a 100% and 80% ownership interest in Impire as at June 30, 2018 and December 31, 2017, respectively, which in turn has a 50% ownership interest in NY Medicinal Research & Caring, LLC ("NYMRC"). NYMRC has a 50% ownership interest in NYCANNA. While as a result of this structure, Acreage indirectly has a 25% and 20% ownership interest in NYCANNA as at June 30, 2018 and December 31, 2017, respectively, the Company cannot exercise significant influence over NYCANNA because it does not control that ownership interest.

During the six months ended June 30, 2018, the Company reviewed comparable market transactions and recorded a gain of $6,095 in *Income (loss) from investments, net* in the Consolidated Statements of Operations.

Investments in associates

The Company's investments in associates as at June 30, 2018 and December 31, 2017 are as follows:

			Carrying Value		Ownership Interests	
Entity Name	**Entity Type**	**Primary state of operations**	**June 30, 2018**	**December 31, 2017**	**June 30, 2018**	**December 31, 2017**
WPMC [(1)]	Management Company	Maine	$ —	$ 6,230	83%	39%
NCC	Dispensary	Illinois	927	961	30%	30%
HSRC NorCal, LLC	Management Company	California	2,796	976	45%	45%
Prime Consulting Group, LLC ("PCG")	Management Company	Massachusetts	40	40	20%	20%
Prime Alternative Treatment Care Consulting, LLC ("PATCC")	Management Company	New Hampshire	62	62	12%	12%
			$ 3,825	**$ 8,269**		

(1) The Company re-measured its previously held interest in WPMC in connection with acquiring a controlling interest and recorded a gain of $10,782 in *Income (loss) from investments, net* in the Consolidated Statements of Operations in the three and six months ended June 30, 2018. Refer to Note 4 for further information.

Investments held for sale

In the fourth quarter of 2017, the Company initiated a plan to sell its equity interest in Compass Ventures, Inc., Greenhouse Compass, LLC, HSGH Properties, LLC and HSGH Properties Union, LLC (together, "Compass"). The entities hold licenses to operate multiple dispensaries and a cultivation facility in the state of Illinois. As at December 31, 2017, the Company owned approximately 47.5% of Compass, with carrying value of $7,006. The Company sold the Compass equity interest for cash proceeds of $9,634 in May 2018, recognizing a $2,628 gain on the sale.

7. PROMISSORY NOTES RECEIVABLE

	Principal					
	TGS [(i)]	**SFN [(ii)]**	**CCF [(iii)]**	**Other Notes Receivable [(iv)]**	**Interest Receivable**	**Total**
As at December 31, 2016	**1,800**	**–**	**–**	**828**	**153**	**2,781**
Principal additions	–	1,100	–	–		1,100
Interest earned	–	–	–	–	188	188
Payments	–	–	–	–	(44)	(44)
As at June 30, 2017	**1,800**	**1,100**	**–**	**828**	**297**	**4,025**
Principal additions	–	2,000	–	723	–	2,723
Equity investment converted to note	–	–	–	125	–	125
Interest earned	–	–	–	–	142	142
Payments	–	–	–	–	(28)	(28)
As at December 31, 2017	**$ 1,800**	**$ 3,100**	**$ –**	**$ 1,676**	**$ 411**	**$ 6,987**
Principal additions	–	–	2,000	965	–	2,965
Additions from business acquisition	–	–	–	814	–	814
Interest earned	–	–	–	–	135	135
Payments	(1,800)	–	–	(402)	(198)	(2,400)
As at June 30, 2018	**$ –**	**$ 3,100**	**$ 2,000**	**$ 3,053**	**$ 348**	**$ 8,501**

(i) Interest income related to the TGS note totaled $30 and $54 for the six months ended June 30, 2018 and 2017, respectively. In April 2018, the entire principal and accrued interest was repaid in the amount of $1,996.

(ii) On March 1, 2017, Acreage issued an unsecured convertible promissory note to SFN for a principal sum of $1,100 via FLW. The note bears interest at a rate of 12% per annum. Interest income on the promissory note totaled $21 and $44 for the six months ended June 30, 2018 and 2017, respectively. The note was deemed in default when it matured in March 2018, and as such, no further interest income was recorded past the date of default.

On October 17, 2017, Acreage issued an additional unsecured promissory note to SFN for a principal sum of $2,000. The note bears interest at a rate of 9% per annum compounded annually. Interest began to accrue on the 121st day after the issuance of the note, February 15, 2018. Interest income on the promissory note totaled $7 for the six months ended June 30, 2018. The note was deemed in default as at March 2018, and as such, no further interest income was recorded past the date of default.

Despite the delays in payment from SFN, the Company does not believe either note to be impaired. Given comparable industry transactions, the Company believes it will secure payment of the note along with the sale of our interest in SFN.

(iii) On June 26, 2018, Acreage issued a bridge loan note to Compassionate Care Foundation, Inc. ("CCF") for a principal sum of $2,000 and an interest rate of 18% per annum. As at June 30, 2018, the note was due on December 31, 2018. However, if Acreage satisfies certain conditions, including receiving New Jersey state approval, the loan will convert to the first advance of a revolving credit facility with an aggregate available commitment of $12,500 and interest rate of 18% per annum. The revolving credit loans would then mature 5 years from such date. In September 2018, a management contract was entered into with CCF, thereby converting the loan to a revolving line of credit. Refer to Note 16 for further details.

(iv) Primarily represents outstanding notes due from entities to which we provide management services as well as related parties. The interest rates on the notes range from 0-18%. Interest income on the notes amounted to $77 and $90 for the six months ended June 30, 2018 and 2017, respectively.

8. CAPITAL ASSETS, NET

As at June 30, 2018 and December 31, 2017 capital assets consist of:

	June 30, 2018	December 31, 2017
Land	$ 610	$ 610
Building	9,779	484
Construction in progress	2,846	9,764
Furniture, fixtures and equipment	1,747	160
Leasehold improvements	281	78
Capital assets, gross	**15,263**	**11,096**
Less: Accumulated depreciation	(287)	(57)
Capital assets, net	**$ 14,976**	**$ 11,039**

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	Accumulated Depreciation	Capital Assets, Net
As at December 31, 2016	**$ 679**	**$ (37)**	**$ 642**
Increase from capital expenditure	339	–	339
Disposals	(3)	–	(3)
Depreciation	–	(3)	(3)
As at June 30, 2017	**$ 1,015**	**$ (40)**	**$ 975**
Increase from capital expenditure	10,081	–	10,081
Depreciation	–	(17)	(17)
As at December 31, 2017	**$ 11,096**	**$ (57)**	**$ 11,039**
Increase from capital expenditure	4,121	–	4,121
Increase from business acquisition	46	–	46
Depreciation [(1)]	–	(230)	(230)
As at June 30, 2018	**$ 15,263**	**$ (287)**	**$ 14,976**

(1) Depreciation includes $159 that was capitalized to biological assets and inventory.

9. BIOLOGICAL ASSETS AND INVENTORY

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the lowest estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle and the fail rate at each respective stage.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is sixteen weeks from propagation to harvest;
- The average harvest yield of whole flower is 172 grams per plant; and
- The average selling price, which is determined by estimating the lowest wholesale value of cannabis on a state-by-state basis, is $9 per gram.

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's expected sales price going forward as sales commenced for flower in August 2018.

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As at June 30, 2018, the biological assets were on average, 42% complete, and it is expected that the Company's biological assets will ultimately yield approximately 380 lbs of cannabis.

As at June 30, 2018 and December 31, 2017 inventory consists of:

	June 30, 2018	December 31, 2017
Retail inventory	$ 577	$ 421
Cultivation inventory	671	–
Supplies & other	290	42
Total	**$ 1,538**	**$ 463**

A reconciliation of the beginning and ending balances of biological assets is as follows:

		Amount
As at December 31, 2017	**$**	**–**
Production cost capitalized		560
Depreciation cost capitalized		159
Changes in fair value less costs to sell due to biological transformation		979
Transferred to inventory upon harvest		(671)
As at June 30, 2018	**$**	**1,027**

10. DEBT

The Company's debt balances consist of the following:

		June 30, 2018		December 31, 2017
Senior secured convertible notes	$	28,618	$	27,087
Loan payable		521		531
Promissory notes payable		12,338		–
Total debt		**41,477**		**27,618**
Less current portion		(9,668)		(20)
Total non-current debt	**$**	**31,809**	**$**	**27,598**

Senior secured convertible notes

Between June and November of 2017, the Company issued senior secured convertible notes (the "Notes") for a total principal amount of $31,294, net of issuance costs, of which $4,797 were issued as at June 30, 2017. The Notes mature on November 15, 2020. Interest payable on the outstanding principal accrues at a rate of 10% per annum, payable quarterly in cash or additional Class A membership units, at the election of the holders of the Notes.

The Notes contain both a conversion option and a warrant, which are classified as derivative liabilities and recognized at fair value through profit or loss. The fair values of the warrants and the conversion options as at June 30, 2018 and December 31, 2017 of $8,873 and $2,897, respectively, were calculated using a Black-Scholes model with a Monte Carlo simulation, with the following assumptions:

	June 30, 2018	December 31, 2017
Risk-free rate	2.33%	1.83%
Expected dividend yield	—%	—%
Expected term (in years)	0.86	1.36
Volatility	80.00%	73.00%

The interest expense related to the Notes for the six months ended June 30, 2018 and 2017 consists of the following:

	Six months ended June 30,	
	2018	**2017**
Cash interest	$ 598	$ 5
PIK interest	972	41
Accretion [(1)]	1,531	–
Total interest expense	**$ 3,101**	**$ 46**

(1) Accretion includes amortization of the discount related to the original issue discount, warrant, conversion option and certain issuance costs allocated to convertible debt.

Loan payable

NCC Real Estate, LLC ("NCC RE"), which is owned by the Company's consolidated subsidiary HSC Solutions, LLC, entered into a $550 secured loan with a financial institution for the purchase of a building in Rolling Meadows, Illinois in December 2016. The building houses operations of NCC. The promissory note payable carries a fixed interest rate of 3.7%. Interest expense related to loan payable for the six months ended June 30, 2018 and 2017 totaled $10 in both periods.

Promissory notes payable

	Principal				
	D&B (i)	**SSBP (ii)**	**Other Notes Payable (iii)**	**Interest Payable**	**Total**
As at December 31, 2017	$ –	$ –	$ –	$ –	$ –
Principal Additions	11,150	2,056	1,615	–	14,821
Interest expense	–	–	–	57	57
Payments	(2,450)	–	(33)	–	(2,483)
As at June 30, 2018	**$ 8,700**	**$ 2,056**	**$ 1,582**	**$ 57**	**$ 12,395**

(i) Relates to the promissory note issued in connection with acquisition of D&B in May 2018. Refer to Note 4 for further information.

(ii) Relates to the promissory note issued in connection with acquisition of SSBP in May 2018. Refer to Note 5 for further information.

(iii) Represents $855 of notes payable issued in connection with the pending NYCANNA acquisition and $760 in seller's notes issued in connection with the acquisition of Cannabliss. Refer to Note 4 and Note 11 for further information.

11. MEMBERS' EQUITY AND EQUITY-BASED COMPENSATION

Members' Equity

Pursuant to the Company's Amended Operating Agreement dated April 2018 and subsequent amendments thereto, the Company is authorized to issue up to 28,000,000 Class A membership units, 20,000,000 Class B membership units, 6,000,000 Class C membership units, 8,750,000 Class C-1 membership units, 43,000,000 Class D membership units and 19,354,840 Class E membership units. All classes, except for Class C-1 units, include voting rights.

During the six months ended June 30, 2018, the Company issued 3,143,272 Class D units in exchange for $31 cash as well as certain asset and business acquisitions and non-controlling interest purchases. Refer to Note 4 and Note 5 and the "Non- controlling interests" section below for further information.

During the six months ended June 30, 2018, the Company issued 16,699,104 Class E units in exchange for $100,005, net of equity issuance costs.

Equity-based compensation

During the six months ended June 30, 2018, the Company granted 3,838,000 Class C-1 membership units to certain employees, directors and consultants as compensation for services. These membership units qualify as profits interests for U.S federal income tax purposes and were accounted for in accordance with IFRS 2 - Share-based payment. The Company amortizes awards over service period and until awards are fully vested.

The following table summarizes the status of unvested awards as at June 30, 2018 and changes during the period from December 31, 2017 through June 30, 2018:

(Per unit information expressed in whole dollars)	Total Units		Weighted Average Grant Date FMV per unit
Unvested as at December 31, 2017	–	$	–
Class C-1 units granted	3,838,000		0.43
Class C-1 vested	(1,515,000)		0.43
Unvested as at June 30, 2018	**2,323,000**	**$**	**0.43**

The Company recorded $826 as compensation expense in connection with these awards during the six months ended June 30, 2018. As at June 30, 2018, unamortized expense related to unvested awards totaled $825.

Non-controlling interests

In January 2018, the Company purchased the remaining 51% non-controlling interest in HSCP Oregon, LLC for a total consideration of $500, which included $400 cash and $100 forgiveness of a shareholder advance. The carrying value of the non-controlling interest on the date of the transaction was a deficit of $953, resulting in a decrease in *Contributed Capital* on the unaudited Condensed Interim Consolidated Statements of Members' Equity of $1,453.

In May 2018, the Company purchased the remaining 20% non-controlling interest in MMRC for a total consideration of $203 in cash. The carrying value of the non-controlling interest on the date of the transaction was a deficit of $15, resulting in a decrease in *Contributed Capital* on the unaudited Condensed Interim Consolidated Statements of Members' Equity of $218.

In June 2018, the Company purchased the remaining 35% non-controlling interest in Cannabliss for a total consideration of $1,311, which included $301 cash, $760 in seller's notes and $250 in Class D membership units. The carrying value of the non-controlling interest on the date of the transaction was $100, resulting in a decrease in *Contributed Capital* on the unaudited Condensed Interim Consolidated Statements of Members' Equity of $1,211.

In June 2018, the Company purchased the remaining 20% non-controlling interest in Impire in exchange for $2,500 in the form of Class D membership units. The carrying value of the non-controlling interest on the date of the transaction was $2,379, resulting in a decrease in *Contributed Capital* on the unaudited Condensed Interim Consolidated Statements of Members' Equity of $121.

12. COMMITMENTS & CONTINGENCIES

Commitments

The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases as at June 30, 2018:

Period		Amount
Not later than one year	$	803
Later than one year and not later than five years		1,408
Later than five years		47
Total	$	2,258

The Company has the following commitments related to its investments:

In November 2017, Acreage committed to $7,000 to MA RMD SVCS, LLC for capital expenditures and working capital needs. The unfunded commitment as at June 30, 2018 totaled $7,000.

The Company is subject to other capital commitments and similar obligations. As at June 30, 2018 and December 31, 2017 such amounts were not material.

Contingencies
The Company may be, from time to time, subject to various administrative, regulatory and other legal proceedings arising in the ordinary course of business. Contingent liabilities associated with legal proceedings are recorded when a liability is probable, and the contingent liability can be reasonably estimated.

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as at June 30, 2018, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

The Company had been in litigation with a consultant in connection with compensation for certain services performed in 2017. As a result, the Company recorded approximately $1,000 of accrued expenses as at December 31, 2017, and satisfied the liability in June 2018.

During 2017, the Company entered into a consulting agreement with a contingency fee of $200 payable in the event it raised more than $40,000 in capital. The threshold was reached in the second quarter of 2018 and the payment was made accordingly. The contingent fee was recorded in the period the contingency requirement was met.

13. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement
NCC has a 5-year lease with NCC RE, an entity in which the Company's wholly-owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning December 2016. The total amount of rent paid by NCC for the six months ended June 30, 2018 and 2017 is $54 and $56, respectively.

Common ownership
A managing member of HSCPM, maintains an individual ownership interest in three of the Company's portfolio companies, WPMC (1.5%), PWCT (3.0%) and NCC (1.0%).

Related party promissory notes receivable
Acreage has certain outstanding notes receivable with related parties. Refer to Note 7 for further information.

Other current assets
In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable. These notes bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense. The remaining $315 was forgiven and recognized as compensation expense in the six months ended June 30, 2018.

14. INCOME TAXES

Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

A reconciliation of income to taxable income for the six months ended June 30, 2018 and 2017 is as follows:

	Six months ended June 30,	
	2018	**2017**
Income (loss) before income taxes	$ 2,405	$ (1,796)
Add: loss from pass-through entities	(1,874)	2,149
Add: expenses not deductible in the U.S.	641	678
Taxable income	$ 1,172	$ 1,031
Tax rate	36%	40%
Income tax expense - current year	$ 418	$ 408
Income tax expense - prior year	65	–
Total income tax expense	$ 483	$ 408

15. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assess the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/ or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at June 30, 2018 is the carrying amount of cash and cash equivalents, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at June 30, 2018, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal

law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the six months ended June 30, 2018.

16. SUBSEQUENT EVENTS General developments:

Capital raise - Class E
From July to August 2018, the Company raised additional $16,041, net of accrued commissions and offering costs, in exchange for 2,653,039 Class E membership units.

Proposed reverse takeover
In September 2018, the Company entered into a definitive business combination agreement pursuant to which the Company will complete a reverse takeover of Applied Inventions Management Corp. ("AIM"), a registered issuer in the Province of Ontario, and the securityholders of the Company will hold substantially all of the outstanding securities of AIM following the proposed transaction. Immediately prior to the transaction, AIM will undertake a number of actions to prepare its share structure for the proposed transaction. An application has been made to list the resulting issuer's subordinate voting shares on the Canadian Securities Exchange. Following the transaction, the former securityholders of AIM will own CAD$1,500 shares of the resulting issuer, which will be renamed "Acreage Holdings, Inc."

New York outstanding litigation
On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against

it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Pro-forma results of operations for the below acquisitions are not presented because they are not material to our Condensed Interim Consolidated Statements of Operations. The majority of the entities listed below were non-operational at the time of acquisition. We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

PATCC
In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $16,082, which included Class D units and seller's notes.

MA RMD SVCS, LLC
In July 2018, the Company acquired all remaining non-controlling interests in MA RMD SVCS, LLC, a management company located in Scituate, Massachusetts. The consideration for this transaction totaled $9,364, consisting of cash, Class D units and seller's notes.

Greenleaf Ohio
The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The Company paid total consideration of $16,500, consisting of cash, Class D units and seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities.

Prime Wellness Centers, LLC ("PWC")
In August 2018, the Company acquired the all interests in license holder PWC, a vertically integrated operator of three dispensaries and a cultivation facility, all located in Massachusetts, which was formerly managed by PCG, a management company in which the Company owned a 20% equity interest. Total consideration was approximately $22,717, consisting of cash, Class D units and seller's notes.

NYCANNA
In August 2018, the Company acquired all remaining ownership interests in NYCANNA, LLC, a vertically integrated for-profit license holder located in New York for total consideration of $37,646, consisting of cash, Class D units and seller's notes.

PWCT
In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South Windsor, Connecticut for a total consideration of $10,076, consisting of cash, Class D units and seller's notes.

CCF
In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services for a monthly fee based on product sales. The management agreement will terminate and any outstanding obligations will convert to an ownership interest should New Jersey pass a law allowing recreational sales.

WPMC
In September 2018, the Company increased its ownership in WPMC from 83% to 87% in exchange for $1,225 in Class D units.

PWPA
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, a cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

FLW
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC
In October, the Company entered into a Securities Purchase Agreement with In Grown Farms 2, LLC ("IGF"), an Illinois cultivation license holder, pursuant to which the Company will acquire IGF for a total purchase price of $15,500. The purchase price will be paid as follows: $8,000 will be payable on the closing date, $6,500 will be paid on January 15, 2019 (assuming the transaction has closed) and $1,000 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

Schedule "F"

ACREAGE HOLDINGS' MD&A FOR THE THREE AND

SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Acreage Holdings (the "**Company**", "**we**", "**our**", "**us**" or "**Acreage**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102
• Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Statement Regarding Forward-Looking Statements", located at the beginning of this listing statement. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 9, 2018.

2. OVERVIEW OF THE COMPANY

Acreage was founded by Kevin Murphy in April of 2014 to invest in the burgeoning United States ("U.S.") regulated cannabis market. Historically, Acreage's principal business activity was to make debt and equity capital investments in existing cannabis license holders, cannabis license applicants and related management companies. These portfolio companies were party to financing and consulting services agreements with the Company in states throughout the U.S. where medical and/or adult use of cannabis is legal. Such investments included (but were not limited to) debt securities (secured or unsecured), convertible debt instruments, LLC membership interests and common or preferred equity securities issued by the portfolio company.

In 2018, the Company continued the process of obtaining controlling positions in nearly all portfolio companies under its ownership with the intent of becoming a single cohesive company operating across multiple states. The Company strives towards controlling as much of the supply chain as possible on a national and global scale, while also expanding investment in new cannabis technologies and products. The Company will seek to leverage its breadth of operations and first-mover advantage to create enduring brands and intellectual property that will have enduring value as the market matures and becomes increasingly competitive.

The Company has invested in geographically diverse licensed entities that operate in both adult use and medical authorized states. As at June 30, 2018, the Company's portfolio companies include assets comprised of state licensed dispensaries, cultivation and processing facilities, and other cannabis related companies across 13 states. In states where medical cannabis license holders may only be non-profit entities, the Company provided, and continues to provide, management services to the respective non-profit medical cannabis license holders on a contractual basis.

Today, the Company is one of the leading vertically integrated, multi-state cannabis operators in the U.S. Headquartered in New York City, the Company has one of the largest footprints of any cannabis company in the U.S. and is dedicated to building and scaling operations to create a seamless, consumer-focused, branded cannabis experience. The Company has a mission to champion and provide access to the beneficial properties of cannabis by creating the highest-quality products and experiences. We have fostered strong partnerships with regulators, physicians and medical researchers, with the aim of setting a new standard for the industry. As legislation and regulations evolve, we are poised to build on our leadership position by expanding our footprint and capabilities in bringing safe, affordable cannabis to the market. We deeply believe in the transformational power that cannabis has to heal and change the world.

<u>Highlights from the three and six months ending June 30, 2018</u>

- We successfully completed a Class E funding round, securing approximately $119 million of additional capital, the largest private funding round in U.S. cannabis industry history. The combination of the capital raised and the roll-up of our subsidiaries cements Acreage as one of the best capitalized companies in the industry, with a footprint that is second to none.
- We have completed the roll-up of our portfolio companies, pending some regulatory approval and certain conditions to close.

- We acquired all interests in license holder D&B Wellness, LLC ("D&B") in May 2018.
- We acquired a controlling interest in the Wellness and Pain Management Connection, LLC ("WPMC") in May 2018, making our Maine operation the dominant provider in the state with 50%+ market share, operating 4 of the state's 8 dispensaries.
- We appointed the former Speaker of the U.S. House of Representatives John Boehner and former Governor of the State of Massachusetts Bill Weld to our advisory board. Both Mr. Boehner and Mr. Weld bring immense experience in government affairs and unmatched leadership to help drive Acreage towards our strategic mission.
- We made several key senior management hires, bringing on board a President, Chief Operating Officer, Chief Financial Officer and Head of Retail Operations.
- We have significantly enhanced our controls and finance processes by adding a significant amount of strength in tax, financial planning, financial reporting and controllership at our affiliates and at the corporate level. These changes have positioned us well to handle our upcoming listing on the Canadian Securities Exchange.

Operational and Regulation Overview

Acreage's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in the states which we operate. As at June 30, 2018, the Company had consolidated operations in the following states:

Oregon

The Oregon Medical Marijuana Act (the "Act") was established in 1998 for limited non-commercial use. The Act removed criminal penalties for medical marijuana for patients with debilitating medical conditions whose doctor verified the condition and that medical marijuana may help it. Qualifying conditions include, but are not limited to, cancer, chronic pain, glaucoma and HIV/ AIDS. Non-medical cultivation and use of marijuana in Oregon was approved in 2014. Effective January 1, 2017, marijuana was able to be sold for recreational use only by businesses that have obtained a recreational license. Such businesses can also sell marijuana for medical use. Medical marijuana dispensaries that had not obtained a recreational license were no longer permitted to sell marijuana for recreational use after 2016. The state of Oregon does not have a limit on the number of dispensary, cultivation or processing licenses available for issuance.

The Company's Oregon subsidiaries hold five recreational dispensary licenses and one cultivation license is pending.

Holding Entity	City	Description	Status
East 11th Inc. Sorority	Eugene	Dispensary Facility	Issued
22nd and Burn Inc.	Portland	Dispensary Facility	Issued
Firestation 23, Inc.	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Springfield	Dispensary Facility	Issued
HSCP Oregon LLC	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Medford	Cultivation Facility	Pending

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 and provides state residents access to the program who suffer from one of the 17 qualifying serious conditions, including, but not limited to, epilepsy, chronic pain, HIV/ AIDS, cancer and post-traumatic stress disorder ("PTSD"). The program allows the Pennsylvania Department of Health to issue up to 25 cultivation and processing permits and 50 dispensary permits. Each dispensary permit holder can open up to three locations. On June 29, 2017, The Pennsylvania Department of Health issued 12 cultivation and processing permits and 27 dispensary permits. Prime Wellness of Pennsylvania, LLC, a consolidated subsidiary of the Company, was issued one cultivation and processing permit.

Maryland

The Maryland Medical Cannabis Commission ("MMCC") was established in May 2013, and the program became operational and sales began on December 1, 2017. The MMCC was created to analyze and study the use of medical cannabis and to develop policies, procedures and regulations to implement programs that ensure medical cannabis is available to qualifying patients in a safe and effective manner. The program was written to allow access to medical cannabis for patients with conditions that are considered severe for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma

and PTSD. The MMCC oversees all licensing, registration, inspection and testing measures pertaining to Maryland's medical marijuana program and provides relevant program information to patients, providers, caregivers, cultivators, processors, dispensaries and testing laboratories.

The MMCC has issued a limited number of dispensary, cultivation and processing licenses. There are currently 50 state licensed dispensaries, 14 cultivators and 13 processors throughout Maryland. Maryland Medicinal Research & Caring, LLC, a consolidated subsidiary of the Company, was awarded one dispensary license. As at June 30, 2018, the Company's build-out of its facilities was complete and the license became active in the third quarter of 2018.

Connecticut

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. The DCP has issued a limited amount of dispensary and producer licenses. There are currently nine state-licensed dispensaries, of which Acreage holds two, and four cultivators that operate throughout Connecticut.

Maine

Maine has allowed prescribing and limited possession of medical marijuana since 1999, but the law lacked any distribution mechanism. On November 3, 2009 a referendum approved medical-grade marijuana to be dispensed by licensed dispensaries to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and PTSD. The Company has an investment in WPMC, which provides management and operational services to The Wellness Connection, a non- profit entity holding four dispensary certificates of registration and one cultivation and processing certificate of registration.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Revenues, net	$ 2,951	$ 1,853	1,098	59%	$ 5,148	$ 3,443	1,705	50%
Cost of goods sold	(1,762)	(946)	(816)	(86)	(3,228)	(2,150)	(1,078)	(50)
Gross profit, excluding fair value items	1,189	907	282	31	1,920	1,293	627	48
Unrealized fair value gain on growth of biological assets	446	–	446	n/m	979	–	979	n/m
Gross profit	1,635	907	728	80	2,899	1,293	1,606	124
Total operating expenses	(5,374)	(1,376)	(3,998)	(291)	(10,348)	(3,602)	(6,746)	(187)
Total other income, net	10,094	239	9,855	n/m	9,854	513	9,341	n/m
Income tax expense	(247)	(204)	(43)	(21)	(483)	(408)	(75)	(18)
Net income (loss)	$ 6,108	$ (434)	6,542	n/m	$ 1,922	$ (2,204)	4,126	n/m

	June 30, 2018	December 31, 2017	Change $	Change %
Inventory	$ 1,538	$ 463	1,075	232%
Biological assets	1,027	–	1,027	n/m
Total assets	224,060	73,009	151,051	207
Long-term liabilities	47,930	32,470	15,460	48

n/m - Not meaningful

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Revenues

The Company derives its revenues from retail dispensary businesses where cannabis and cannabis-infused products are sold to consumers. Acreage has 5 operational dispensary facilities in Oregon; 3 in Portland, 1 in Eugene and 1 in Springfield. The Company is currently constructing a cultivation and processing facility in Medford, and the site will also house a sixth dispensary upon completion.

Revenues increased by $1,098, or 59%, to $2,951 and $1,705, or 50%, to $5,148 in the three and six months ended June 30, 2018, respectively. The increase in revenues was driven by improved performance from 22nd & Burn, Inc., The Firestation 23, Inc. and East 11th, Inc. (together "Cannabliss"), the benefit from our Powell dispensary being operational for a full period (commenced in March 2017) and the additional contribution from D&B following its acquisition on May 31, 2018.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold, plus or minus the fair value changes in biological assets for the period. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includesallocations of rent, administrative salaries, utilities and related costs. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold increased $816, or 86%, to $1,762 and $1,078, or 50%, to $3,228 in the three and six months ended June 30, 2018, respectively, driven by increased sales from Cannabliss, a full year of operations at our Powell dispensary, and the cost of sales from the newly acquired D&B.

Gross profit increased $728, or 80%, to $1,635 and $1,606, or 124%, to $2,899 in the three and six months ended June 30, 2018, respectively. The Company had a fair value adjustment of $446 and $979 for the three and six months ended June 30, 2018, pertaining to biological assets related to our Pennsylvania location. Prior to fair value adjustments, gross profit increased $282, or 31%, to $1,189 and $627, or 48%, to $1,920 in the three and six months ended June 30, 2018, respectively. Gross profit margin prior to fair value adjustments for the three and six months ended June 30, 2018 was 40% and 37%, respectively, compared to 49% and 38% for the three and six months ended June 30, 2017, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices and operational subsidiaries, personnel costs including salaries, incentive compensation, benefits and share based compensation, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support our aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to incur acquisition and transaction costs related to our expansion plans. We anticipate a significant increase in stock compensation expense related to recruiting and hiring talent, as well as increases in accounting, legal and professional fees associated with planning to be a publicly traded company.

Total operating expenses increased $3,998, or 291%, to $5,374 and $6,746, or 187%, to $10,348 in the three and six months ended June 30, 2018, respectively. The increases were driven by increased general and administrative expenses, reflecting the increased volume and complexity of services required as the Company's operations increased over the year, increased legal and other professional fees incurred from the roll up and issuance of the Class E membership units, increased compensation expenses driven by stock compensation from the issuance of profits interest units to certain employees for services and the increased headcount from the scaling up of operations.

Total other income, net

Total other income, net for the three and six months ended June 30, 2018 was $10,094 and $9,854, an increase of $9,855 and
$9,341, respectively, compared to the prior year periods. The increase was primarily driven by income from investments due to the re-measurement of Acreage's existing interest in WPMC following the acquisition of a controlling interest, the re-measurement of NY Medicinal Research & Caring, LLC upon Acreage's acquisition of the remaining non-controlling interest in Impire State Holdings, LLC and the gain on sale of Compass Ventures, Inc. ("Compass"), partially offset by a loss from derivative valuation and increased interest expense.

Net income (loss)
Net income for the three months ended June 30, 2018 was $6,108, compared to a net loss of $434 for the three months ended June 30, 2017, an improvement of $6,542. Net income for the six months ended June 30, 2018 was $1,922, compared to a net loss of $2,204 for the six months ended June 30, 2017, an improvement of $4,126. The changes in net income (loss) are driven by the factors discussed above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, acquisitions, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. To date, we have used private and/or public financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our ability to fund our operations, to make planned capital expenditures, to acquire other entities or investments, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the six months ended June 30,		Change	
	2018	2017	$	%
Net cash used in operating activities	$ (15,276)	$ (1,958)	(13,318)	(680)%
Net cash used in investing activities	(16,074)	(9,544)	(6,530)	(68)
Net cash provided by financing activities	101,111	7,977	93,134	n/m
Change in cash	$ 69,761	$ (3,525)	73,286	n/m

n/m - Not meaningful

As at June 30, 2018, we had $85,992 of cash, $7,258 of restricted cash and $79,235 of working capital surplus (current assets minus current liabilities), compared with $1,771 of cash and cash equivalents, no restricted cash and $688 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash used in operating activities
Net cash used in operating activities was $15,276 for six months ended June 30, 2018, an increase of $13,318, or 680%, compared to $1,958 for the six months ended June 30, 2017. The increase is primarily driven by higher usage of cash in current year accounts payable and accrued liabilities due to timing of payments and an increase of general and administrative expenses and compensation expense.

Cash used in investing activities
Net cash used in investing activities was $16,074 for the six months ended June 30, 2018, an increase of $6,530, or 68%, compared to $9,544 for the six months ended June 30, 2017.

Cash used in investing activities for the six months ended June 30, 2018 of $16,074 primarily consists of $11,216 of deferred acquisition costs, $8,483 for the purchases of management contracts and licenses, $3,740 of capital additions for the construction of the Oregon and Pennsylvania facility and other capital assets, $2,965 of promissory notes issued and $1,821 of funds disbursed for investments, partially offset by $9,634 from proceeds on sale of investment of the Company's equity interest in Compass and
$2,202 of promissory note collections.

The primary outflows for the six months ended June 30, 2017 were $8,325 of funds disbursed for investments in equity and $1,100 of promissory notes issued.

Cash provided by financing activities
Net cash provided by financing activities was $101,111 for the six months ended June 30, 2018, an increase of $93,134 compared to $7,977 for the six months ended June 30, 2017.

The inflow of $101,111 for the six months ended June 30, 2018 primarily consists of $101,785 of proceeds from the issuance of membership units and $2,729 of capital contributions from non-controlling interests, partially offset by $2,493 of loan repayment related to the D&B purchase.

The primary inflows for the six months ended June 30, 2017 were $4,626 proceeds from the convertible note issued and $3,412 of capital contributions from non-controlling interests.

Contractual obligations

The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	803
Later than one year and not later than five years		1,408
Later than five years		47
Total	$	2,258

The Company has the following commitments related to its investments:

In November 2017, Acreage committed to $7,000 to MA RMD SVCS, LLC for capital expenditures and working capital needs. The unfunded commitment as at June 30, 2018 totaled $7,000.

The Company is subject to other capital commitments and similar obligations. As at June 30, 2018 such amounts were not material.

5. OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement

NCC, LLC ("NCC") has a 5-year lease with NCC Real Estate, LLC, an entity in which the Company's wholly-owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning in December 2016. The total amount of rent paid by NCC for the six months ended June 30, 2018 and 2017 is $54 and $56, respectively.

Common ownership

A managing member of High Street Capital Partners Management, LLC, ("HSCPM") maintains an individual ownership interest in three of the Company's portfolio companies, WPMC (1.5%), Prime Wellness of Connecticut, LLC ("PWCT") (3.0%) and NCC (1.0%).

Related party notes receivable

As described in Note 7 of the consolidated financial statements, Acreage has outstanding notes with related parties totaling $3,053 and $1,676 as at June 30, 2018 and December 31, 2017, respectively. The interest rates on the notes range from 0-18%. Interest income on the notes amounted to $77 and $90 for the six months ended June 30, 2018 and 2017, respectively.

Other current assets

In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable. These notes bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense. The remaining $315 was forgiven and recognized as compensation expense in the six months ended June 30, 2018.

7. PROPOSED TRANSACTIONS

General developments:

Capital raise - Class E

From July to August 2018, the Company raised additional $16,041, net of accrued commissions and offering costs, in exchange for 2,653,039 Class E membership units.

Proposed reverse takeover

In September 2018, the Company entered into a definitive business combination agreement pursuant to which the Company will complete a reverse takeover of Applied Inventions Management Corp. ("AIM"), a registered issuer in the Province of Ontario, and the securityholders of the Company will hold substantially all of the outstanding securities of AIM following the proposed transaction. Immediately prior to the transaction, AIM will undertake a number of actions to prepare its share structure for the proposed transaction. An application has been made to list the resulting issuer's subordinate voting shares on the Canadian Securities Exchange. Following the transaction, the former securityholders of AIM will own CAD$1,500 shares of the resulting issuer, which will be renamed "Acreage Holdings, Inc."

New York outstanding litigation

On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, LLC ("NYCANNA"), Impire State Holdings, LLC ("Impire"), NY Medicinal Research & Caring, LLC ("NYMRC") (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Pro-forma results of operations for the below acquisitions are not presented because they are not material to our Condensed Interim Consolidated Statements of Operations. The majority of the entities listed below were non-operational at the time of acquisition. We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

Prime Alternative Treatment Care Consulting, LLC ("PATCC")

In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $16,082, which included Class D Units and seller notes.

MA RMD SVCS, LLC

In July 2018, the Company acquired all remaining non-controlling interests in MA RMD SVCS, LLC, a management company located in Scituate, Massachusetts. The consideration for this transaction totaled $9,364, consisting of cash, Class D Units and seller notes.

Greenleaf Ohio

The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The Company paid total consideration of $16,500, consisting of cash, Class D units and seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities.

Prime Wellness Centers, LLC ("PWC")

In August 2018, the Company acquired the all interests in license holder PWC, a vertically integrated operator of three dispensaries and a cultivation facility, all located in Massachusetts, which was formerly managed by Prime Consulting Group, LLC, a management company in which the Company owned a 20% equity interest. Total consideration was approximately $22,717, consisting of cash, Class D units and seller's notes.

NYCANNA, LLC
In August 2018, the Company acquired all remaining ownership interests in NYCANNA, LLC, a vertically integrated for-profit license holder located in New York for total consideration of $37,646, consisting of cash, Class D units and seller's notes.

Prime Wellness of Connecticut, LLC ("PWCT")
In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South Windsor, Connecticut for a total consideration of $10,076, consisting of cash, Class D units and seller's notes.

Compassionate Care Foundation, Inc. ("CCF")
In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services for a monthly fee based on product sales. The management agreement will terminate and any outstanding obligations will convert to an ownership interest should New Jersey pass a law allowing recreational sales.

The Wellness & Pain Management Connection, LLC ("WPMC")
In September 2018, the Company increased its ownership in WPMC from 83% to 87% in exchange for $1,225 in Class D units.

Prime Wellness of Pennsylvania, LLC ("PWPA")
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, a cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

Florida Wellness, LLC ("FLW")
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC
In October, the Company entered into a Securities Purchase Agreement with In Grown Farms 2, LLC ("IGF"), an Illinois cultivation license holder, pursuant to which the Company will acquire IGF for a total purchase price of $15,500. The purchase price will be paid as follows: $8,000 will be payable on the closing date, $6,500 will be paid on January 15, 2019 (assuming the transaction has closed) and $1,000 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the review affects both current and future periods. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial instruments
The Company evaluates the fair value of investments at the end of each reporting period. In addition to investment-specific information, the Company considers general market trends, conditions and transactions. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

The fair value of investments may be adjusted if:

- There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- There have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value;
- The investee company is placed into receivership or bankruptcy;
- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- The investee company makes important positive/negative management changes that the Company's management believes will have a positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustment to the fair value of the investments will be based upon management's judgment and any value estimated may not be realized or realizable. Refer to Note 6 of the consolidated financial statements for discussion of current period fair value adjustments.

Derivative liabilities

The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Black-Scholes model with a Monte Carlo simulation. Critical estimates and assumptions used in the model are discussed in Note 10 of the consolidated financial statements.

Income taxes

Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

Income tax expense is recognized in the Consolidated Statements of Operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measures using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxing authority and the Company intends to settle its current tax assets and liabilities on a net basis.

At June 30, 2018 and December 31, 2017, deferred tax assets and liabilities were immaterial.

Certain Acreage subsidiaries are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax- related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

As discussed above, the Company has taken the position that any costs included in cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance. The Company exercises significant judgments in determining the amounts to include within cost of goods sold, which include allocations of overhead attributable to sales calculated using identifiable metrics such as employee time sheets and square footage.

Business combinations
Judgement is required to determine when the Company gains control of an investment. This requires an assessment of the relevant activities of the investee that significantly affect its returns, including operating and capital expenditure decision-making, financing of the investee, key management personnel changes and when decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Investments in which the Company does not gain control are accounted for as investments in associates (if the Company has significant influence) or as investments in private entities (if the Company has no significant influence). Refer to Note 4 and Note 6 of the consolidated financial statements for further discussion.

Impairment on promissory notes receivable
At each reporting date the Company assesses whether there is objective evidence that a promissory note receivable is impaired. A promissory note receivable is deemed to be impaired, if, and only if, there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the note and that event has an impact on the estimated future cash flows of the promissory note receivable. Refer to Note 14 of the consolidated financial statements for further discussion on credit risk.

Impairment on investments in associates
An impairment loss on an investment in an associate is measured by comparing the recoverable amount of the investment with its carrying amount. The Company must assess several factors, such as the market conditions, potential buyers and the performance of the associate to determine the recoverable amount. See Note 6 of the consolidated financial statements for further discussion.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The Company's condensed interim consolidated financial statements have been prepared following substantially the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2017, except as noted below.

The Company implemented the following additional policies beginning January 1, 2018:

Restricted cash
Restricted cash represents funds contractually held for specific purposes and, as such, not available for general corporate purposes.

Deposits
Deposits represent refundable proceeds related to the issuance of Class E units.

Revenue recognition
The IASB's new revenue recognition standard IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was adopted by the Company on January 1, 2018. The new standard replaces IAS 18 - Revenue, and provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adoption. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the good to the customer. Revenue from management contracts is recognized over time as the management services are provided.

Biological assets and inventory
In accordance with IAS 41 - Agriculture, the Company's biological assets are measured at fair value less costs to sell up to the point of harvest. The Company capitalizes all direct and indirect costs as they are incurred, which include the direct costs of seeds and growing materials and indirect costs such as utilities and allocated labor, depreciation and overhead costs. These costs are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations in

the period in which the related product is sold. The unrealized fair value adjustments on growth of biological assets are recorded in a separate line on the unaudited Condensed Interim Consolidated Statements of Operations.

The Company's inventories initially include the fair value of the biological assets at the time of harvest. They also include subsequent costs to prepare the product for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and allocated labor. All direct and indirect costs related to inventory are capitalized when they are incurred, and they are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations, except for the realized fair value amounts included in inventory sold which are recorded on a separate line item. Inventory is valued at the lower of cost and net realizable value.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assess the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at June 30, 2018 is the carrying amount of cash and cash equivalents, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at June 30, 2018, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the six months ended June 30, 2018.

11. OUTSTANDING SHARE DATA

During the six months ended June 30, 2018, the Company issued 3,143,272 Class D units for certain asset and business acquisitions and non-controlling interest purchases. Refer to Note 4, Note 5 and Note 11 of the condensed interim consolidated financial statements for further information.

During the six months ended June 30, 2018, the Company issued 16,699,104 Class E units in exchange for $100,005, net of equity issuance costs.

During the six months ended June 30, 2018, the Company granted 3,838,000 Class C-1 membership units to certain employees, directors and consultants as compensation for services. These membership units qualify as profits interests for U.S. federal income tax purposes.

The following share capital data is current as of the date of this document:

Shares Outstanding

(expressed in units)	**Balance**
Class A units	26,928,608
Class B units	20,000,000
Class C units	6,000,000
Class C-1 units	7,488,000
Class D units	17,018,390
Class E units	19,352,143
Total	**96,787,141**

SCHEDULE "G"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

(see attached)

ACREAGE HOLDINGS
Pro Forma Consolidated Statement of Financial Position
As at June 30, 2018
Unaudited (Expressed in 000's)

	Acreage Holdings	AIM	PATCC Acquisition	PWCT Acquisition	RTO Adjustments	Note 3 Ref.	Pro Forma Consolidated
	As at June 30, 2018	*As at August 31, 2018*					
ASSETS							
Cash	$ 85,992	$ 1	$ (1,081)	$ 178	300,376	c,e,f	$ 385,466
Restricted cash	7,258	–	–	–	–		7,258
Inventory	1,538	–	–	205	–		1,743
Biological assets	1,027	–	–	–	–		1,027
Other current assets	344	21	–	1	–		366
Total current assets	**96,159**	**22**	**(1,081)**	**384**	**300,376**		**395,860**
Investments	28,393	–	(63)	(1,750)	–		26,580
Promissory notes receivable	8,501	–	6,181	–	–		14,682
Capital assets, net	14,976	–	–	702	–		15,678
Intangible assets, net	61,955	–	12,036	10,728	–		84,719
Goodwill	2,191	–	–	188	–		2,379
Deferred acquisition costs	11,496	–	–	(2,475)	–		9,021
Other non-current assets	389	–	–	7	–		396
Total non-current assets	127,901	–	18,154	7,400	–		153,455
TOTAL ASSETS	**$ 224,060**	**$ 22**	**$ 17,073**	**$ 7,784**	**$ 300,376**		**$ 549,315**
LIABILITIES AND MEMBERS' EQUITY							
Accounts payable and accrued liabilities	$ 4,559	$ 81	$ –	$ 275	$ –		$ 4,915
Taxes payable	1,530	–	–	–	–		1,530
Interest payable	232	–	–	–	–		232
Current portion of debt	9,668	113	–	–	(9,658)	e	123
Other current liabilities	935	–	–	–	–		935
Total current liabilities	**16,924**	**194**	**–**	**275**	**(9,658)**		**7,735**
Debt	31,809	234	–	–	(28,618)	d	745
					(2,680)	e	
Derivative liabilities	8,873	–	–	–	(3,549)	d	5,324
Deposits	7,163	–	–	–	–		7,163
Other liabilities	85	–	–	–	–		85
Total non-current liabilities	**47,930**	**234**	**–**	**–**	**(34,847)**		**13,317**
TOTAL LIABILITIES	**64,854**	**428**	**–**	**275**	**(44,505)**		**21,052**
Unit capital	147,742	(406)	17,073	7,509	406	a	518,447
					32,167	d	
					16,041	f	
					296,673	c	
					1,242	b	
Non-controlling interests	19,063	–	–	–	–		19,063
Accumulated deficit	(7,599)	–	–	–	(1,648)	b	(9,247)
TOTAL MEMBERS' EQUITY	**159,206**	**(406)**	**17,073**	**7,509**	**344,881**		**528,263**
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$ 224,060**	**$ 22**	**$ 17,073**	**$ 7,784**	**$ 300,376**		**$ 549,315**

ACREAGE HOLDINGS
Pro Forma Consolidated Statement of Operations
For the Six Months Ended June 30, 2018
Unaudited (Expressed in 000's)

	Acreage Holdings	AIM	D&B Acquisition	WPMC Acquisition	PATCC Acquisition	PWCT Acquisition	RTO Adjustments	Note 3 Ref.	Pro Forma Consolidated
	Six months ended June 30, 2018	*Six months ended May 31, 2018*							
Revenues, net	$ 5,148	$ –	$ 3,521	$ 117	$ –	$ 5,340	$ –		$ 14,126
Less: cost of goods sold	(3,228)	–	(1,871)	(58)	–	(3,197)	–		(8,354)
Gross profit, excluding fair value items	**1,920**	**–**	**1,650**	**59**	**–**	**2,143**	**–**		**5,772**
Unrealized fair value gain on growth of biological assets	979	–	–	–	–	–	–		979
Gross profit	**2,899**	**–**	**1,650**	**59**	**–**	**2,143**	**–**		**6,751**
OPERATING EXPENSES									
General and administrative	4,397	12	114	209	4	263	–		4,999
Compensation expense	5,055	–	410	–	–	607	22,666	g	28,738
Marketing	621	–	11	–	–	1	–		633
Depreciation and amortization	275	–	7	–	–	40	–		322
Total operating expense	**10,348**	**12**	**542**	**209**	**4**	**911**	**22,666**		34,692
Net operating income (loss)	**(7,449)**	**(12)**	**1,108**	**(150)**	**(4)**	**1,232**	**(22,666)**		**(27,941)**
Income from investments, net	19,870	–	–	–	–	–	–		19,870
Interest income	135	–	–	30	362	–	–		527
Interest expense	(3,168)	(29)	–	–	–	–	3,101	d	(96)
Change in fair market value of derivative liabilities	(5,976)	–	–	–	–	–	–		(5,976)
Other loss, net	(1,007)	–	–	–	–	–	(1,648)	b	(2,655)
Total other income (loss)	**9,854**	**(29)**	**–**	**30**	**362**	**–**	**1,453**		**11,670**
Net income (loss) before income taxes	**2,405**	**(41)**	**1,108**	**(120)**	**358**	**1,232**	**(21,213)**		(16,271)
Income tax expense	(483)	–	(83)	–	–	(100)	–		(666)
Net income (loss)	**1,922**	**(41)**	**1,025**	**(120)**	**358**	**1,132**	**(21,213)**		**(16,937)**
Less: net income attributable to non-controlling interests	200	–	–	–	–	–	–		200
Net income (loss) attributable to members of the parent	**$ 1,722**	**$ (41)**	**$ 1,025**	**$ (120)**	**$ 358**	**$ 1,132**	**$ (21,213)**		$ (17,137)

ACREAGE HOLDINGS
Pro Forma Consolidated Statement of Operations
For the Year Ended December 31, 2017
Unaudited (Expressed in 000's)

	Acreage Holdings	AIM	D&B Acquisition	WPMC Acquisition	PATCC Acquisition	PWCT Acquisition	RTO Adjustments	Note 3 Ref.	Pro Forma Consolidated
	12 month period ended Dec 31, 2017	*12 month period ended Nov 30, 2017*							
Revenues, net	$ 7,743	$ –	$ 8,826	$ 1,988	$ –	$ 9,302	$ –		$ 27,859
Less: cost of goods sold	(4,767)	–	(4,688)	(429)	–	(5,412)	–		(15,296)
Gross profit	**2,976**	**–**	**4,138**	**1,559**	**–**	**3,890**	**–**		**12,563**
OPERATING EXPENSES									
General and administrative	5,001	34	299	791	10	449	–		6,584
Compensation expense	4,790	–	2,285	–	–	1,143	45,332	g	53,550
Marketing	212	–	54	–	–	8	–		274
Depreciation and amortization	20	–	12	–	–	78	–		110
Total operating expenses	**10,023**	**34**	**2,650**	**791**	**10**	**1,678**	**45,332**		60,518
Net operating income (loss)	**(7,047)**	**(34)**	**1,488**	**768**	**(10)**	**2,212**	**(45,332)**		(47,955)
Income from investments, net	2,313	–	–	–	–	–	–		2,313
Interest income	330	–	–	115	728	–	–		1,173
Interest expense	(1,465)	(95)	–	–	–	(44)	1,443	d	(161)
Change in fair market value of derivative liabilities	215	–	–	–	–	–	–		215
Other loss, net	(1,156)	–	–	–	–	–	(1,648)	b	(2,804)
Total other income (loss)	**237**	**(95)**	**–**	**115**	**728**	**(44)**	**(205)**		**736**
Net loss before income taxes	**(6,810)**	**(129)**	**1,488**	**883**	**718**	**2,168**	**(45,537)**		**(47,219)**
Income tax expense	(806)	–	–	–	–	–	–		(806)
Net income (loss)	**(7,616)**	**(129)**	**1,488**	**883**	**718**	**2,168**	**(45,537)**		(48,025)
Less: net loss attributable to non-controlling interests	(613)	–	–	–	–	–	–		(613)
Net income (loss) attributable to members of the parent	**$ (7,003)**	**$ (129)**	**$ 1,488**	**$ 883**	**$ 718**	**$ 2,168**	**$ (45,537)**		**$** (47,412)

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements of Acreage Holdings, Inc. ("Acreage", "Company" or "Resulting Issuer") have been prepared by management to reflect the Business Combination Agreement ("Combination Agreement") between Acreage and Applied Inventions Management Corp. ("AIM"). Pursuant to the Combination Agreement, Acreage Holdings will complete a reverse take-over of AIM (the "Transaction", or "RTO") and the security holders of Acreage will hold substantially all of the outstanding securities of AIM. Immediately prior to the completion of the Transaction, the security holders of AIM will have $1,242, or approximately 50 shares, of Class A Subordinate Voting Shares of the Resulting Issuer.

The unaudited pro forma consolidated financial statements include:

i. a pro forma consolidated statement of financial position as at June 30, 2018 prepared from the unaudited condensed consolidated interim statement of financial position of Acreage as at June 30, 2018 and the audited statement of financial position of AIM as at August 31, 2018, which gives pro forma effect to the acquisition of AIM by Acreage and the assumptions described in Note 2, as if these transactions occurred on June 30, 2018.

ii. a pro forma consolidated statement of operations for the six months ended June 30, 2018 prepared from the unaudited condensed consolidated interim statement of operations of Acreage for the six months ended June 30, 2018 and the unaudited condensed interim statement of loss and comprehensive loss of AIM for the six months ended May 31, 2018, as if the transactions described in Note 2 had occurred on January 1, 2018.

iii. a pro forma consolidated income statement for the year ended December 31, 2017 prepared from the audited consolidated statement of operations of Acreage for the year ended December 31, 2017 and the unaudited statement of operations of AIM for the twelve-month period from December 1, 2016 to November 30, 2017, as if the transactions described in Note 2 had occurred on January 1, 2017. The AIM twelve- month statement of operations has been constructed by subtracting the unaudited interim consolidated statement of loss and comprehensive loss for the three months ended November 30, 2016 from the audited consolidated statement of loss and comprehensive loss for the year ended August 31, 2017 and adding the unaudited interim consolidated statement of loss and comprehensive loss for the three months ended November 30, 2017.

For purposes of the preparation of the pro forma consolidated financial statements, the financial statements of AIM have been translated from Canadian dollars to U.S. dollars using the exchange rate in effect at the balance sheet date for the statement of financial position and at the average exchange rate for the periods presented in the statements of operations as follows:

	August 31, 2018
Period end rate	1.303
	Six months ended May 31, 2018
Average rate	1.272
	Twelve months ended November 30, 2017
Average rate	1.303

The pro forma adjustments are based on available financial information and certain estimates and assumptions. Management believes that such assumptions provide a reasonable basis for presenting all of the significant effects of the RTO and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the pro forma consolidated financial information.

The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date indicated. No adjustments have been made to reflect additional costs or cost savings that could result from the

combination of the operations of AIM and Acreage, as management does not anticipate any material costs or cost savings as a result of this Transaction.

The unaudited pro forma financial statements have been compiled using the significant accounting policies as set out in the audited financial statements of Acreage for the year ended December 31, 2017. Based on the review of the accounting policies of AIM, it is management's opinion that there are no material differences between the accounting policies of Acreage and AIM.

The pro forma effective statutory income tax rate of the combined companies will be 27%.

The pro forma consolidated financial statements should be read in conjunction with the audited annual and unaudited interim consolidated financial statements of Acreage and AIM and the notes thereto.

2. Material Business Acquisitions

Adjustments related to material primary business acquisitions, in accordance with *National Instrument 41-101 - General Prospectus Requirements,* include the following transactions completed during 2018:

a. D&B Wellness, LLC ("D&B")

On May 31, 2018, the Company acquired all interests in D&B, a medical dispensary in Bethel, Connecticut for total consideration of $14,500, which includes cash, seller's notes and stock.

Acquisition-related adjustments to the consolidated statement of operations for the six months ended June 30, 2018 and the year ended December 31, 2017 were prepared as if the acquisition occurred on January 1, 2018 and 2017, respectively. There was no effect to the pro forma consolidated statement of financial position as at June 30, 2018.

b. The Wellness & Pain Management Connection, LLC ("WPMC")

In May 2018, the Company acquired a controlling interest in WPMC for a total consideration of $43,621, which includes cash, stock, fair market value of the non-controlling interest and the fair market value of the previously held interest. WPMC is a management company located in Portland, Maine.

Acquisition-related adjustments to the pro forma consolidated statement of operations for the six months ended June, 2018 and the year ended December 31, 2017 were prepared as if the acquisition occurred on January 1, 2018 and 2017, respectively. There was no effect to the pro forma consolidated statement of financial position as at June 30, 2018.

c. Prime Alternative Treatment Care Consulting, LLC ("PATCC")

In July 2018, the Company acquired all remaining ownership interests in PATCC, a management company located in New Hampshire. Consideration for this transaction was $18,254, which included Class D units, seller's notes and the fair value of the previously held interest.

Acquisition-related adjustments to the pro forma consolidated statement of operations for the six months ended June, 2018 and the year ended December 31, 2017 were prepared as if the acquisition occurred on January 1, 2018 and 2017, respectively. Acquisition-related adjustments to the pro forma consolidated statement of financial position as at June 30, 2018 were prepared as if the acquisition occurred on June 30, 2018. The amount of consideration paid in excess of the fair value of the net assets acquired has been allocated to intangible assets on a provisional basis as the Company completes its purchase price allocation. Accordingly, the measurement of assets acquired and liabilities assumed may change upon finalization of the Company's valuation and completion of the purchase price allocation, both of which are expected to occur no later than one year from the acquisition date.

d. Prime Wellness of Connecticut, LLC ("PWCT")

In September 2018, the Company acquired all remaining ownership interests in PWCT, a medical dispensary in South

Windsor, Connecticut for a total consideration of $12,213, consisting of cash, Class D units, seller's notes and the fair value of the previously held interest.

Acquisition-related adjustments to the pro forma consolidated statement of operations for the six months ended June, 2018 and the year ended December 31, 2017 were prepared as if the acquisition occurred on January 1, 2018 and 2017, respectively. Acquisition-related adjustments to the pro forma consolidated statement of financial position as at June 30, 2018 were prepared as if the acquisition occurred on June 30, 2018. The amount of consideration paid in excess of the fair value of the net assets acquired has been allocated to intangible assets on a provisional basis as the Company completes its purchase price allocation. Accordingly, the measurement of assets acquired and liabilities assumed may change upon finalization of the Company's valuation and completion of the purchase price allocation, both of which are expected to occur no later than one year from the acquisition date.

3. RTO Adjustments

The unaudited pro forma consolidated statement of financial position gives effect to the following assumptions and adjustments:

a. On closing of the RTO, the additional paid-in capital and accumulated deficit of AIM are eliminated.

b. The Transaction has been accounted for in accordance with IFRS 2, Share Based Payments. The Transaction has been accounted for in the unaudited proforma consolidated statement of financial position as a continuation of the financial statements of Acreage, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of AIM, in return for the net assets of AIM and a re-capitalization of the equity of Acreage. The fair value of the deemed share issuance was determined based on the fair value of the units issued by Acreage. Total fair value of the consideration is as follows:

		Amount
Issuance of subordinate voting shares pursuant to Combination Agreement	$	(1,242)
Net working capital deficit		(406)
Total listing expense	$	(1,648)

c. In connection with the closing of this transaction, Acreage raised a net total of $296,673 through a brokered placement sale of 12,566 subordinated shares at $25 per share ("SR Financing"), assuming $17,480 in broker and other transaction costs. The transaction costs include 156 broker compensation options valued at $1,861, using a Black-Scholes valuation model with substantially the same assumptions as note (g) below.

d. In connection with the RTO, the outstanding convertible debt is mandatorily convertible to 6,474 shares of the Resulting Issuer (on an as converted basis). Interest expense related to the convertible debt was $1,443 and $3,101 for the year ended December 31, 2017 and six months ended June 30, 2018, respectively. For the purposes of the pro forma consolidated statement of operations presented herein, the adjustment assumes a repayment of notes as of January 1, 2017.

e. As at June 30, 2018, $12,338 in subordinated unsecured notes related to material primary business acquisitions referenced in Note 2 are payable upon an RTO.

f. From July to August 2018, the Company completed its Series E financing round, raising additional $16,041, net of commissions, in exchange for 2,653 Series E membership units.

g. In connection with the RTO, the Company issued 4,254 stock options and 2,286 restricted stock units to directors, employees and consultants as compensation for services. Assuming the options and the restricted stock units were issued on January 1, 2017, the Company estimates total stock-based compensation expense for the year ended December 31, 2017 and the six months ended June 30, 2018 to be $45,332 and $22,666, respectively. The grant-date fair value of the restricted stock units is assumed to be $25 per unit. The estimated grant-date fair value

of options is $11.82 per option, using a Black-Scholes valuation model with the following assumptions:

Stock Price	$	25
Exercise Price	$	25
Risk-free interest rate		2.9%
Dividend yield		—%
Volatility		86%
Expected term		2.00

4. Share capital adjustments

Based on the terms of the Combination Agreement, the number of Subordinate Voting Shares of the Resulting Issuer outstanding upon closing of the Business Combination, on a pro forma and as converted basis, as if the RTO was completed on June 30, 2018, was 102,807 and determined as follows:

	Note Ref	Historical	Subordinate Voting Shares of Resulting Issuer[(1)]
Acreage			
Units outstanding as at June 30, 2018		70,806	
Completion of Class E private placement financing	3f	2,653	
Convertible note mandatory conversion	3d	6,474	
Significant acquisitions (2)	2c, 2d	3,562	
Total adjusted units outstanding as at June 30, 2018		83,495	
Resulting Issuer			
Subordinate Voting Shares of Resulting Issuer at the RTO			83,495
SR Financing	3c		12,566
Broker compensation options	3c		156
Compensation options	3g		6,540
AIM			
Shares outstanding of AIM as at August 31, 2018		8,228	
Subordinate Voting Shares issued as a result of the Combination	3b		50
Agreement			
Number outstanding after giving effect to the SR Financing and the RTO on an as-converted to Subordinate Voting Shares			102,807

(1) Number of shares outstanding after giving effect to the SR Financing and the RTO on an as converted basis to Subordinate Voting Shares.

(2) Includes only the effect of Class D units issued in connection with pending or completed transactions deemed to be material primary business acquisitions described in Note 2.

Schedule "H"

D&B WELLNESS' AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

D&B WELLNESS, LLC

FINANCIAL STATEMENTS

As of December 31, 2017, December 31, 2016 and January 1, 2016 and
For the Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To Management D&B Wellness, LLC

We have audited the accompanying financial statements of D&B Wellness, LLC D/B/A Compassionate Care Center of Connecticut (the Company), which comprise the statements of financial position as at December 31, 2017, December 31, 2016 and January 1, 2016 and the statements of operations and comprehensive income, member's equity and cash flows for the years ended December 31, 2017 and December 31, 2016 and the related notes to the financial statements, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of D&B Wellness, LLC D/B/A Compassionate Care Center of Connecticut as at December 31, 2017, December 31, 2016 and January 1, 2016 and their financial performance and their cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards.

Sheehan & Company CPA, P.C.

Brightwaters, New York
November 2, 2018

Sheehan
& COMPANY

D&B WELLNESS, LLC
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016 AND JANUARY 1, 2016

(Expressed in $000's USD, except unit data)	Note	December 31, 2017	December 31, 2016	January 1, 2016
ASSETS				
Cash		$ 1,778	$ 2,141	$ 1,100
Inventory		137	57	65
Total current assets		**1,915**	**2,198**	**1,165**
Capital assets, net	5	52	51	62
Other non-current assets		5	5	5
Total non-current assets		**57**	**56**	**67**
TOTAL ASSETS		**$ 1,972**	**$ 2,254**	**$ 1,232**
LIABILITIES AND MEMBER'S EQUITY				
Accounts payable and accrued liabilities	6	$ 69	$ 81	$ 30
Total current liabilities		69	81	30
TOTAL LIABILITIES		**69**	**81**	**30**
Members Equity	7	1,903	2,173	1,202
TOTAL MEMBER'S EQUITY		**1,903**	**2,173**	**1,202**
TOTAL LIABILITIES AND MEMBER'S EQUITY		**$ 1,972**	**$ 2,254**	**$ 1,232**

See accompanying notes to financial statements

D&B WELLNESS, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	Note	December 31, 2017	December 31, 2016
Revenues, net		$ 8,826	$ 8,973
Less: cost of goods sold		(4,688)	(4,647)
Gross Profit		**4,138**	**4,326**
OPERATING EXPENSES			
Compensation expense		2,285	1,728
General and administrative	8	299	307
Marketing		54	9
Depreciation	5	12	11
Total operating expenses		**2,650**	**2,055**
Net income and comprehensive income		**$ 1,488**	**2,271**

See accompanying notes to financial statements

D&B WELLNESS, LLC
STATEMENTS OF MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	**Total Member's Equity**
December 31, 2015	$ 1,202
Member distributions	(1,300)
Net income	2,271
December 31, 2016	$ 2,173
Member distributions	(1,758)
Net income	1,488
December 31, 2017	$ 1,903

See accompanying notes to financial statements

D&B WELLNESS, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)

	December 31, 2017	December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,488	$ 2,271
Item not affecting cash:		
Depreciation	12	11
Changes in non-cash working capital items:		
Inventory	(79)	8
Accounts payable and accrued liabilities	(13)	51
Net cash provided by operating activities	**$ 1,408**	**$ 2,341**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(13)	—
Net cash used in investing activities	**$ (13)**	**—**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	(1,758)	(1,300)
Net cash used in financing activities	**$ (1,758)**	**$ (1,300)**
NET INCREASE (DECREASE) IN CASH	(363)	1,041
CASH - Beginning of year	2,141	1,100
CASH - End of year	**$ 1,778**	**$ 2,141**

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

D&B Wellness, LLC (the "Company"), doing business as Compassionate Care Center of Connecticut, was organized in the State of Connecticut on October 15, 2013. The Company operates a health, wellness and herbal remedy center in Bethel, Connecticut. Its clientèle consists of patients licensed by the State of Connecticut to purchase medical marijuana.

2. BASIS OF PREPARATION

Statement of compliance
The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2017 and 2016.

These financial statements, for the years ended December 31, 2017 and 2016, are the first the Company has prepared in accordance with IFRS. For all periods up to and including the year ended December 31, 2017, the Company prepared its financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at December 31, 2017, together with comparative period data for the year ended December 31, 2016. In preparing the financial statements, the Company's opening statement of financial position was prepared as at January 1, 2016, the Company's date of transition to IFRS. In restating the Company's US GAAP financial statements to IFRS, the Company did not identify any material adjustments to its statement of financial position nor its statement of operations.

Basis of measurement
The accompanying financial statements have been prepared on a historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for goods and services generally based upon the fair value at the time of the transaction of the consideration given in the exchange for the asset. In addition, these financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company's functional currency.

Estimates and critical judgements by management
The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Refer to Note 4.

These financial statements were approved and authorized for issue by management on November 2, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
Cash is comprised of cash on hand and in banks and amounts due from a third party merchant service company for debit card sales in transit that are readily convertible into known amounts of cash with original maturities of three months or less.

Inventory
All inventory consists of finished goods. Inventory for finished goods and packaging and supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value.

Capital assets, net
All capital assets are stated at original cost, less any accumulated depreciation and impairment. Expenditures for maintenance and repairs are charged to expense as incurred; major improvements are capitalized. During the fiscal year ended December 31, 2017, there was $13 of fixed assets that were purchased and no assets were disposed of. There were no fixed assets purchased or disposed of during the fiscal year ended December 31, 2016. Total depreciation expense for the fiscal years ended December 31, 2017 and 2016 was $12 and $11, respectively. Depreciation is recognized on a straight-line basis over the following terms:

Capital asset class	Time Period
Leasehold improvements	Shorter of useful life or lease term
Furniture, fixtures and equipment	7 years

An asset's residual value, useful life and amortization method is reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Impairment of non-financial assets
Long-lived assets, including capital assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of operations by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount or the carrying amount that would have been recorded had no impairment loss been recognized previously.

Income taxes
The Company is not an exempt organization as defined in the Internal Revenue Code (IRC) and, as such, is taxable as a S corporation for federal and state income tax purposes. Effective May 16, 2015, the Company, with the consent of its sole member, elected to be treated as an S corporation for federal and state income tax purposes. The effect of this election provides that, in lieu of corporate income taxes, a member is taxed on his/her proportionate share of the Company's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Revenue
Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped or delivered to customers and:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and

• The costs incurred or to be incurred in respect of the transaction can be measured reliably. Amounts disclosed as revenue are net of allowances, discounts and rebates.

Additionally, the Company elected to early adopt IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRS guidance. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company does not enter into contracts with customers. Therefore, the early adoption of IFRS 15 did not affect the Company's statement of financial position or cash flows from operating, investing, or financing activities. Furthermore, the impact on timing of revenue recognition was not material as the treatment of revenue for services rendered, as outlined above, is consistent under IFRS 15 and IAS 18.

Leases
Lease rentals are expensed in earnings on a straight-line basis as required by IFRS. See Note 9 for disclosure of future lease commitments.

Financial instruments
The Company early-adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement". The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"). Presently, as the Company's only financial instruments are in the form of cash and accounts payable and accrued liabilities, the financial assets held by the Company are measured at amortized cost. Upon adoption, there were no reclassifications required and no material impact on the financial statements.

The Company determines classification of financial assets at initial recognition. The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at FVTPL unless they meet the following criteria for amortized cost:
- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities - non-derivative financial liabilities are measured at amortized cost unless they have been designated as FVTPL. Derivative liabilities are initially measured at FVTPL, with subsequent changes in fair market value recognized in the statement of operations.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities not based upon observable market data

New standards, interpretations, and amendments

IAS 1 Presentation of Financial Statements
The Company has reviewed and considered the amendments made to IAS 1 effective on January 1, 2016. The Company has concluded that the adoption of such standard has resulted in no impact on the Company's financial statements. The Company will re-evaluate IAS 1 should a transaction occur.

IFRS 16 Leases
The new standard will replace IAS 17, *Leases* (IAS 17), and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied retrospectively. The Company is currently evaluating the impact of adoption.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated useful lives of capital assets, net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

5. CAPITAL ASSETS, NET

At December 31, 2017 and 2016, capital assets, net consists of:

As of December 31,	2017	2016
Furniture, fixtures and equipment	$ 78	$ 65
Leasehold improvements	10	10
Total capital assets	**$ 88**	**$ 75**
Less: Accumulated Depreciation	(36)	(24)
Capital Assets, net	**$ 52**	**$ 51**

A reconciliation of the beginning and ending balances of capital assets, net is as follows:

	Capital Assets, gross	Accumulated Depreciation	Capital Assets, net
As of December 31, 2015	**$ 75**	**$ (13)**	**$ 62**
Additions	—	—	—
Depreciation	—	(11)	(11)
As of December 31, 2016	**$ 75**	**$ (24)**	**$ 51**
Additions	13	—	13
Depreciation	—	(12)	(12)
As of December 31, 2017	**$ 88**	**$ (36)**	**$ 52**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of December 31, 2017 and 2016 and January 1, 2016 consist of the following:

	December 31, 2017	December 31, 2016	January 1, 2016
Accrued wages	$ 34	$ 31	20
Credit card payable	28	4	4
Other accounts payable	7	46	6
Total accounts payable and accrued liabilities	**$ 69**	**$ 81**	**30**

7. MEMBER'S EQUITY

The Company was owned in its entirety by one individual for the years ended December 31, 2017 and 2016. There were no transfers of ownership or authorization or issuance of shares during the years then ended.

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2017 and 2016 consist of the following:

	2017	2016
Bank & merchant fees	62	63
Office expenses	48	67
Professional fees	46	19
Rent expense	34	33
Licensing & registration fees	29	19
Building expense	24	37
Insurance expense	14	6
Continuing education	7	40
Other miscellaneous expenses	35	23
Total general and administrative expenses	**$ 299**	**$ 307**

9. COMMITMENTS AND CONTINGENCIES

The Company occupies leased space under a five-year lease which began on August 1, 2014 and is due to expire on July 31, 2019. Total rent expense under this lease was $34 and $ 33 for the years ended December 31, 2017 and 2016, respectively.

The total future value of minimum operating lease payments is due as follows at December 31, 2017:

2018	$ 36
2019	21
Total	**$ 57**

10. RISK MANAGEMENT

The Company thoroughly examines the various financial and non-financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management.

Management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As the Company does not hold any financial instruments other than the items disclosed in Note 3, the Company considers the market risk to be immaterial.

Interest rate risk: Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have borrowings as of December 31, 2017, December 31, 2016 and January 1, 2016. As there is no interest, the Company considers interest rate risk to be immaterial.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The

Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Equity price risk: Equity price risk is the risk of variability in fair value due to movements in equity or market prices. Marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. The Company has no marketable securities and investments.

Credit risk: Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains a cash balance at one financial institution in the United States which is insured up to $250 by the FDIC. From time-to-time, the Company's balances may exceed this limit. As of December 31, 2017, December 31, 2016 and January 1, 2016 there is an uninsured limit of approximately $1,452, $1,823 and $784, respectively. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Regulatory risk: The Company operates in the rapidly growing U.S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path that the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations at the federal level are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products are reversed in the State of Connecticut in the near-term.

11. CAPITAL MANAGEMENT

The Company considers its capital to consist of cash and member's equity. The Company manages its capital to maintain its ability to continue as a going concern and makes adjustments to it based on funds available to the Company in order to fund its operations. The Company, upon approval from its management, will balance its overall capital structure by undertaking activities as deemed appropriate under the specific circumstances.

As of December 31, 2017, the Company is not subject to externally imposed capital requirements.

12. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are members of the Company's executive management team. Compensation provided to key management was $1,634 and $1,093 for the years ended December 31, 2017 and 2016, respectively.

13. SUBSEQUENT EVENTS

On May 31, 2018, High Street Capital Partners, LLC ("HSCP") entered into an agreement to purchase D&B Wellness, LLC ("the Purchase Agreement"). The Purchase Agreement resulted in HSCP acquiring 100% of the issued and outstanding membership interests in the Company in exchange for $14,500 in consideration consisting of cash, promissory note, and HSCP membership units.

In connection with the Purchase Agreement, D&B Wellness, LLC entered into an employment agreement with the former owner of the Company for an initial term of two years.

Schedule "I"

D&B WELLNESS' MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of D&B Wellness, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**D&B**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

D&B Wellness, LLC, doing business as Compassionate Care Center of Connecticut, was organized in the State of Connecticut on October 15, 2013. The Company is one of nine licensed medical marijuana dispensaries in Connecticut. Its clientèle consists of patients licensed by the State of Connecticut to purchase medical marijuana.

Highlights from the year ended December 31, 2017

2017 was a successful year for the Company as sales remained consistent year over year at just below $9M as can be seen on the Statement of Operations and Comprehensive Income. Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. PWCT's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in Connecticut. As at December 31, 2017, the Company had operations only in the state of Connecticut.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year ended December 31,		Change	
	2017	2016	$	%
Revenues, net	$ 8,826	$ 8,973	$ (147)	(2)%
Cost of goods sold	(4,688)	(4,647)	(41)	1%
Gross profit	4,138	4,326	(188)	(4)%
Total operating expenses	(2,650)	(2,055)	(595)	29%
Net income	$ 1,488	$ 2,271	$ (783)	(34)%
Total assets	$ 1,972	$ 2,254	$ (282)	(13)%

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

The Company derives its revenues from retail dispensary businesses where cannabis and cannabis-infused products are sold to consumers.

Revenues for the year ended December 31, 2017 were $8,826, a decrease of $147, or 2%, from the year ended December 31, 2016. This is consistent year-over-year and should increase as the number of medical marijuana patients increase in the state of Connecticut.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold for the year ended December 31, 2017 was $4,688, an increase of $41, or 1%, from the year ended December 31 2016, which is consistent year-over-year and with what management would expect given the revenue numbers reflected above. The gross profit margin for the years ended December 31, 2017 and 2016 was 47% and 48%, respectively.

Total operating expenses

Total operating expenses consist primarily of personnel costs including salaries, incentive compensation, and benefits, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses for the year ended December 31, 2017 was $2,650, an increase of $595, or 29%, compared to the year ended December 31, 2016. This was driven by increased compensation expense due to an increase in headcount from the scaling up of operations and an increase in marketing-related expenses to promote the business.

Net income
Net income for the year ended December 31, 2017 was $1,488, a decrease of $783 or 34%, compared to $2,271 for the year ended December 31, 2016. The decrease was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the year ended December 31,		Change	
	2017	**2016**	**$**	**%**
Net cash provided by operating activities	$ 1,408	$ 2,341	$ (933)	(40)%
Net cash used in investing activities	(13)	—	(13)	n/m
Net cash used in financing activities	(1,758)	(1,300)	(458)	35%
Change in cash	$ (363)	$ 1,041	$ (1,404)	(135)%

As at December 31, 2017, we had $1,778 of cash and $1,846 of working capital surplus (current assets minus current liabilities), compared with $2,141 of cash and $2,117 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities
Net cash used in operating activities was $1,408 for the year ended December 31, 2017, a decrease of $933, or 40% compared to $2,341 for the year ended December 31, 2016. The decrease was primarily driven by the decreased net income and the higher usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash used in investing activities
Net cash used in investing activities was $13 for the year ended December 31, 2017, compared to nil for the year ended December 31, 2016.

The outflow of $13 for the year ended December 31, 2017 consisted of fixed asset purchases.

Cash used in financing activities
Net cash used in financing activities was $1,758 for the year ended December 31, 2017, an increase of $458, or 35% compared to $1,300 for the year ended December 31, 2016.

The outflows of $1,758 and $1,300 for the years ended December 31, 2017 and 2016, respectively, consisted solely of member distributions

Contractual obligations
The Company and its subsidiaries have entered into operating lease agreements for its dispensary. The following represents the Company’s commitments in relation to its operating leases:

Period	Amount
Not later than one year	$ 36
Later than one year and not later than five years	21
Later than five years	—
Total	$ 57

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. PROPOSED TRANSACTIONS

Subsequent event

On May 31, 2018, High Street Capital Partners, LLC ("HSCP") entered into an agreement to purchase D&B Wellness, LLC ("the Purchase Agreement"). The Purchase Agreement resulted in HSCP acquiring 100% of the issued and outstanding membership interests in the Company in exchange for $14.5M in consideration consisting of cash, promissory note, and HSCP membership units.

7. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated useful lives of capital assets, net

The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets

At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

8. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

IFRS 16 Leases
The new standard will replace IAS 17, *Leases* (IAS 17), and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied retrospectively. The Company is currently evaluating the impact of adoption.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial and non-financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management.

Management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As the Company does not hold any financial instruments other than the items disclosed in Note 3, the Company considers the market risk to be immaterial.

Interest rate risk: Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have borrowings as of December 31, 2017, December 31, 2016 and January 1, 2016. As there is no interest, the Company considers interest rate risk to be immaterial.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Equity price risk: Equity price risk is the risk of variability in fair value due to movements in equity or market prices. Marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. The Company has no marketable securities and investments.

Credit risk: Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains a cash balance at one financial institution in the United States which is insured up to $250 by the FDIC. From time-to-time, the Company's balances may exceed this limit. As of December 31, 2017, December 31, 2016 and January 1, 2016 there is an uninsured limit of approximately $1,452, $1,823 and $784, respectively. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Regulatory risk: The Company operates in the rapidly growing U.S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path that the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations at the federal level are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products are reversed in the State of Connecticut in the near-term.

10. OUTSTANDING SHARE DATA

The Company was owned in its entirety by one individual for the years ended December 31, 2017 and 2016. There were no transfers of ownership or authorization or issuance of shares during the years then ended.

Schedule "J"

D&B WELLNESS' INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

D&B WELLNESS, LLC

FINANCIAL STATEMENTS

As of June 30, 2018 and December 31, 2017 and
For the Three and Six Months Ended June 30, 2018 and 2017

(Unaudited)

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D&B WELLNESS, LLC
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017
(Unaudited)

(Expressed in $000's, except unit data)	Note	June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 488	$ 1,778
Inventory		74	137
Total current assets		**562**	**1,915**
Capital assets, net	5	44	52
Other non-current assets		5	5
Total non-current assets		**49**	**57**
TOTAL ASSETS		**$ 611**	**$ 1,972**
LIABILITIES AND MEMBER'S EQUITY			
Accounts payable and accrued liabilities	6	$ 271	$ 69
Total current liabilities		271	69
TOTAL LIABILITIES		**271**	**69**
Members equity	7	340	1,903
TOTAL MEMBER'S EQUITY		340	1,903
TOTAL LIABILITIES AND MEMBER'S EQUITY		**$ 611**	**$ 1,972**

The accompanying notes are an integral part of these financial statements.

D&B WELLNESS, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(Expressed in $000's, except unit data)	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Revenues, net		$ 2,111	$ 2,167	$ 4,225	$ 4,362
Less: cost of goods sold		(1,094)	(1,189)	(2,245)	(2,240)
Gross Profit		**1,017**	**978**	**1,980**	**2,122**
OPERATING EXPENSES					
Compensation expense		243	207	492	489
General and administrative	8	68	68	137	159
Marketing		5	2	13	2
Depreciation	5	3	3	8	6
Total operating expenses		**319**	**280**	**650**	**656**
Net income before income taxes		698	698	1,330	1,466
Income taxes		100	—	100	—
Net income and comprehensive income		**$ 598**	**$ 698**	**$ 1,230**	**$ 1,466**

The accompanying notes are an integral part of these financial statements.

D&B WELLNESS, LLC
STATEMENTS OF MEMBER'S EQUITY
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(Expressed in $000's, except unit data)	Total Member's Equity
December 31, 2016	$ 2,173
Member distributions	(1,730)
Net income	1,466
June 30, 2017	$ 1,909
December 31, 2017	$ 1,903
Member distributions	(2,793)
Net income	1,230
June 30, 2018	$ 340

The accompanying notes are an integral part of these financial statements.

D&B WELLNESS, LLC
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(Expressed in $000's USD, except unit data)	**Six months ended June 30,**	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,230	$ 1,466
Item not affecting cash:		
Depreciation	8	6
Changes in non-cash working capital items:		
Inventory	63	(85)
Accounts payable and accrued liabilities	202	196
Net cash provided by operating activities	**$ 1,503**	**$ 1,583**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	—	(5)
Net cash used in investing activities	**$ —**	**$ (5)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	(2,793)	(1,730)
Net cash used in financing activities	**$ (2,793)**	**$ (1,730)**
NET (DECREASE) IN CASH	(1,290)	(152)
CASH - Beginning of period	1,778	2,141
CASH - End of period	**$ 488**	**$ 1,989**
Supplemental disclosure of cash flow data:		
Cash paid for income taxes	$ 50	$ —

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

D&B Wellness, LLC (the "Company"), doing business as Compassionate Care Center of Connecticut, was organized in the State of Connecticut on October 15, 2013. The Company operates a health, wellness and herbal remedy center in Bethel, Connecticut. Its clientèle consists of patients licensed by the State of Connecticut to purchase medical marijuana.

2. BASIS OF PREPARATION

Statement of compliance
The accompanying interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), effective for the Company's reporting for the period ended June 30, 2018.

These interim financial statements for the three and six months ending June 30, 2018 and 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements at December 31, 2017.

Basis of measurement
The accompanying interim financial statements have been prepared on a historical cost basis. Historical cost is the fair value of the consideration given in exchange for goods and services generally based upon the fair value at the time of the transaction of the consideration given in the exchange for the asset. In addition, these financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
These interim financial statements and the accompanying notes are expressed in US Dollars, which is the Company’s functional currency.

Estimates and critical judgements by management
The preparation of the accompanying interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Refer to Note 4.

These financial statements were approved and authorized for issue by management on November 2, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
Cash is comprised of cash on hand and in banks and amounts due from a third-party merchant service company for debit card sales in transit that are readily convertible into known amounts of cash with original maturities of three months or less.

Inventory
All inventory consists of finished goods. Inventory for finished goods and packaging and supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out costing method. Net realizable

value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value.

Capital assets, net
All capital assets are stated at original cost, less any accumulated depreciation and impairment. Expenditures for maintenance and repairs are charged to expense as incurred; major improvements are capitalized. During the six month period ended June 30, 2018 and year ended December 31, 2017, there was $0 and $13, respectively, of fixed assets that were purchased and no assets were disposed of. Total depreciation expense for the six months ended June 30, 2018 and 2017 was $8 and $6, respectively. Total depreciation expense for the three months ended June 30, 2018 and 2017 was $3 and $3, respectively. Depreciation is recognized on a straight-line basis over the following terms:

Capital asset class	Time Period
Leasehold improvements	Shorter of useful life or lease term
Furniture, fixtures and equipment	7 years

An asset's residual value, useful life and amortization method is reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Impairment of non-financial assets
Long-lived assets, including capital assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of operations by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount or the carrying amount that would have been recorded had no impairment loss been recognized previously.

Income taxes
The Company is not an exempt organization as defined in the Internal Revenue Code (IRC) and, as such, is taxable as a S corporation for federal and state income tax purposes. Effective May 16, 2015, the Company, with the consent of its sole member, elected to be treated as an S corporation for federal and state income tax purposes. The effect of this election provides that, in lieu of corporate income taxes, a member is taxed on his/her proportionate share of the Company's taxable income. The Company conducts business in the State of Connecticut. On May 31, 2018, Public Act 18-49 was signed into effect which changed how Connecticut taxes income earned by S corporations, including limited liability companies treated as S corporations. As a result of Public Act 18-49, the Company is subject to a tax on its own income at a rate of 6.99%. Accordingly, $100 of provision for income tax related to the period ending May 31, 2018, prior to the Company becoming a disregarded entity for tax purposes, is reflected in the accompanying interim financial statements.

The Company considered deferred tax assets and liabilities as of the period ended June 30, 2018 noting no material adjustments for deferred taxes were required.

Revenue
Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped or delivered to customers and:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amounts disclosed as revenue are net of allowances, discounts and rebates. The Company does not enter into contracts with customers.

Leases
Lease rentals are expensed in earnings on a straight-line basis as required by IFRS. See Note 9 for disclosure of future lease commitments.

Financial instruments
The Company determines classification of financial assets at initial recognition. The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at fair value through profit and loss (FVTPL) unless they meet the following criteria for amortized cost:

- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities - non-derivative financial liabilities are measured at amortized cost unless they have been designated as FVTPL. Derivative liabilities are initially measured at FVTPL, with subsequent changes in fair market value recognized in the statement of operations.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities not based upon observable market data

New standards, interpretations, and amendments

IFRS 16 Leases
The new standard will replace IAS 17, *Leases* (IAS 17), and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 will be applied retrospectively. The Company is currently evaluating the impact of adoption.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated useful lives of capital assets, net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

5. CAPITAL ASSETS, NET

At June 30, 2018 and December 31, 2017, capital assets, net consists of:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Furniture, fixtures and equipment	$ 78	$ 78
Leasehold improvements	10	10
Total capital assets	**$ 88**	**$ 88**
Less: Accumulated Depreciation	(44)	(36)
Capital Assets, net	**$ 44**	**$ 52**

A reconciliation of the beginning and ending balances of capital assets, net is as follows:

	Capital Assets, gross	Accumulated Depreciation	Capital Assets, net
As of December 31, 2016	**$ 75**	**$ (24)**	**$ 51**
Additions	13	—	13
Depreciation	—	(12)	(12)
As of December 31, 2017	**$ 88**	**$ (36)**	**$ 52**
As of December 31, 2017	**$ 88**	**$ (36)**	**$ 52**
Additions	—	—	—
Depreciation	—	(8)	(8)
As of June 30, 2018	**$ 88**	**$ (44)**	**$ 44**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2018 and December 31, 2017 consist of the following:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Accrued wages	$ 31	$ 34
Credit card payable	3	28
Taxes payable	50	—
Other accounts payable	187	7
Total accounts payable and accrued liabilities	$ 271	$ 69

7. MEMBER'S EQUITY

The Company was owned in its entirety by one individual for the period ended June 30, 2017. There were no transfers of ownership or authorization or issuance of shares during the period ended June 30, 2017. On May 31, 2018, High Street Capital Partners, LLC ("HSCP") entered into an agreement to purchase D&B Wellness, LLC. The agreement resulted in HSCP acquiring 100% of the issued and outstanding membership interests in the Company in exchange for $14,500 in consideration consisting of cash, promissory note, and HSCP membership units. As of June 30, 2018, HSCP continues to hold 100% of the outstanding membership interests in the Company.

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and six-month periods ended June 30, 2018 and 2017 consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Bank & merchant fees	17	17	33	37
Office expenses	9	—	15	22
Professional fees	1	14	2	20
Rent expense	9	8	15	17
Licensing & registration fees	4	3	13	15
Building expense	6	6	13	13
Insurance expense	10	10	15	10
Continuing education	—	—	3	8
Other miscellaneous expenses	12	10	28	17
Total general and administrative expenses	**$ 68**	**$ 68**	**$ 137**	**$ 159**

9. COMMITMENTS AND CONTINGENCIES

The Company occupies leased space under a five-year lease which began on August 1, 2014 and is due to expire on July 31, 2019. Total rent expense under this lease was $15 and $17 for the six months ended June 30, 2018 and 2017, respectively, and $9 and $8 for the three months ended June 30, 2018 and 2017, respectively.

The total future value of minimum operating lease payments due is as follows at June 30, 2018:

< 1 Year	$ 36
Thereafter	3
Total	**$ 39**

10. RISK MANAGEMENT

The Company thoroughly examines the various financial and non-financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management.

Management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As the Company does not hold any financial instruments other than the items disclosed in Note 3, the Company considers the market risk to be immaterial.

Interest rate risk: Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have borrowings as of June 30, 2018 and December 31, 2017. As there is no interest, the Company considers interest rate risk to be immaterial.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Equity price risk: Equity price risk is the risk of variability in fair value due to movements in equity or market prices. Marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. The Company has no marketable securities and investments.

Credit risk: Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains a cash balance at one financial institution in the United States which is insured up to $250 by the FDIC. From time-to-time, the Company's balances may exceed this limit. As of June 30, 2018 and December 31, 2017, there is an uninsured limit of approximately $133 and $1,452, respectively. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Regulatory risk: The Company operates in the rapidly growing U.S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path that the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations at the federal level are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products are reversed in the State of Connecticut in the near-term.

11. CAPITAL MANAGEMENT

The Company considers its capital to consist of cash and member's equity. The Company manages its capital to maintain its ability to continue as a going concern and makes adjustments to it based on funds available to the Company in order to fund its operations.

The Company, upon approval from its management, will balance its overall capital structure by undertaking activities as deemed appropriate under the specific circumstances.

As of June 30, 2018, the Company is not subject to externally imposed capital requirements.

12. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are members of the Company's executive management team. Compensation provided to key management was $89 and $79 for the three months ended and $181 and $171 for the six months ended June 30, 2018 and 2017, respectively.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 2, 2018, the date on which these financial statements were available to be issued to determine whether they should be disclosed to keep the financial statements from being misleading. Management did not identify any material subsequent events for disclosure.

Schedule "K"

D&B WELLNESS' MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of D&B Wellness, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**D&B**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited interim financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

D&B Wellness, LLC, doing business as Compassionate Care Center of Connecticut, was organized in the State of Connecticut on October 15, 2013. The Company is one of nine licensed medical marijuana dispensaries in Connecticut. Its clientèle consists of patients licensed by the State of Connecticut to purchase medical marijuana.

Highlights from the three and six months ending June 30, 2018

2018 sales is consistent with year-over-year results at approximately $4.2M through the first six months of 2018, as can be seen on the Statement of Operations and Comprehensive Income. Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. The DCP has issued a limited amount of dispensary and producer licenses. There are currently nine state-licensed dispensaries, of which Acreage holds two, and four cultivators that operate throughout Connecticut.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods interim consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Revenues, net	$ 2,111	$ 2,167	$ (56)	(3)%	$ 4,225	$ 4,362	$ (137)	(3)%
Cost of goods sold	(1,094)	(1,189)	95	8	(2,245)	(2,240)	(5)	—
Gross profit	1,017	978	39	4	1,980	2,122	(142)	(7)
Total operating expenses	(319)	(280)	(39)	(14)	(650)	(656)	6	1
Income tax expense	(100)	—	(100)	n/m	(100)	—	(100)	n/m
Net income (loss)	$ 598	$ 698	$ (100)	(14)%	$ 1,230	$ 1,466	$ (236)	(16)%

			Change	
	June 30, 2018	December 31, 2017	$	%
Total assets	$ 611	$ 1,972	$ (1,361)	(69)%

n/m - Not meaningful

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Revenues

The Company derives its revenues from retail dispensary businesses where cannabis and cannabis-infused products are sold to consumers.

Revenues decreased $56, or 3%, to $2,111 and $137, or 3%, to $4,225 in the three and six months ended June 20, 2018, respectively. This is consistent year-over-year and should increase as the number of medical marijuana patients increase in the state of Connecticut.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold decreased $95, or 8%, to $1,094 and $5 to $2,245 in the three and six months ended June 30, 2018, respectively, which is consistent year-over-year and with what management would expect given the revenue numbers reflected above. The gross profit margin was 48% and 45% for the three months ended June 30, 2018 and 2017, respectively, and 47% and 49% for the six months ended June 30, 2018 and 2017, respectively.

Total operating expenses
Total operating expenses consist primarily of personnel costs including salaries, incentive compensation, and benefits marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses increased $39, or 14%, to $319 in the three months ended June 30, 2018, driven by an increase in compensation expense. Total operating expenses decreased $6, or 1%, to $650 in the six months ended June 30, 2018, which is consistent year-over-year.

Net income
Net income decreased $100, or 14%, to $598 and $236, or 16%, to $1,230 in the three and six months ended June 30, 2018, primarily driven by the operating results discussed above, as well as an increased tax burden in the current year.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the six months ended June 30,		Change	
	2018	2017	$	%
Net cash provided by operating activities	$ 1,503	$ 1,583	$ (80)	(5)%
Net cash used in investing activities	—	(5)	5	n/m
Net cash used in financing activities	(2,793)	(1,730)	(1,063)	61%
Change in cash	$ (1,290)	$ (152)	$ (1,138)	749%

As at June 30, 2018, we had $488 of cash and $291 of working capital surplus (current assets minus current liabilities), compared with $1,989 of cash and $1,712 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities
Net cash provided by operating activities was $1,503 for the six months ended June 30, 2018, a decrease of $80, or 5% compared to $1,583 for the six months ended June 30, 2017. The increase was primarily driven by the decreased net income, partially offset by the lower usage of cash during the six months ended June 30, 2018 due to timing of payments.

Cash used in investing activities
Net cash used in investing activities was nil for the six months ended June 30, 2018, compared to $5 for the six months ended June 30, 2017.

Cash used in financing activities
Net cash used in financing activities was $2,793 for the six months ended June 30, 2018, an increase of $1,063, or 61% compared to $1,730 for the six months ended June 30, 2017. These outflows represent member distributions made during the respective periods.

Contractual obligations
The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company’s commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	36
Later than one year and not later than five years		3
Later than five years		—
Total	**$**	**2,594**

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated useful lives of capital assets, net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

7. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

There have been no changes in, or adoption of, accounting principles since our annual audited financial statements. Refer therein for details.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial and non-financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management.
Management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of Management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. As the Company does not hold any financial instruments other than the items disclosed in Note 3, the Company considers the market risk to be immaterial.

Interest rate risk: Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have borrowings as of June 30, 2018 and December 31, 2017. As there is no interest, the Company considers interest rate risk to be immaterial.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Equity price risk: Equity price risk is the risk of variability in fair value due to movements in equity or market prices. Marketable securities and investments are susceptible to price risk arising from uncertainties about their future values. The Company has no marketable securities and investments.

Credit risk: Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company maintains a cash balance at one financial institution in the United States which is insured up to $250 by the FDIC. From time-to-time, the Company's balances may exceed this limit. As of June 30, 2018 and December 31, 2017, there is an uninsured limit of approximately $133 and $1,452, respectively. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Regulatory risk: The Company operates in the rapidly growing U.S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path that the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations at the federal level are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products are reversed in the State of Connecticut in the near-term.

9. OUTSTANDING SHARE DATA

The Company was owned in its entirety by one individual for the period ended June 30, 2017. There were no transfers of ownership or authorization or issuance of shares during the period ended June 30, 2017.

On May 31, 2018, High Street Capital Partners, LLC ("HSCP") entered into an agreement to purchase D&B Wellness, LLC. The agreement resulted in HSCP acquiring 100% of the issued and outstanding membership interests in the Company in exchange for $14.5M in consideration consisting of cash, promissory note, and HSCP membership units.

As of June 30, 2018, HSCP continues to hold 100% of the outstanding membership interests in the Company.

Schedule "L"

PRIME WELLNESS OF CONNECTICUT'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

PRIME WELLNESS OF CONNECTICUT, LLC FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

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DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
Prime Wellness of Connecticut, LLC

We have audited the accompanying financial statements of Prime Wellness of Connecticut, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Prime Wellness of Connecticut, LLC as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

November 2, 2018

Chartered Professional Accountants

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PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	Note	December 31, 2017	December 31, 2016
ASSETS			
Cash		$ 1,532	$ 921
Inventory		188	96
Other current assets		10	13
Total current assets		**1,730**	**1,030**
Capital assets, net	5	699	757
Related party note receivable	10	317	—
Other non-current assets		7	7
Total non-current assets		**1,023**	**764**
TOTAL ASSETS		**$ 2,753**	**$ 1,794**
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 151	$ 62
Related party notes payable	10	—	300
Total current liabilities		**151**	**362**
TOTAL LIABILITIES		**151**	**362**
Members Equity	7	2,602	1,432
TOTAL MEMBERS' EQUITY		**2,602**	**1,432**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**$ 2,753**	**$ 1,794**

See accompanying notes to financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	Note	December 31, 2017	December 31, 2016
Revenues, net		$ 9,302	$ 6,357
Less: cost of goods sold		(5,412)	(3,682)
Gross Profit		**3,890**	**2,675**
OPERATING EXPENSES			
Compensation expense		1,143	947
General and administrative	6	449	320
Marketing		8	7
Depreciation expense	5	78	75
Total operating expenses		**1,678**	**1,349**
Income from operations		2,212	1,326
Other expenses		(44)	(70)
Total other expenses		(44)	(70)
Net income and comprehensive income		**$ 2,168**	**$ 1,256**

See accompanying notes to financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	Membership Units	Members' Equity	Retained Earnings (Loss)	Total Members' Equity
December 31, 2015	**1,000,000**	**$ 2,200**	**$ (1,683)**	**$ 517**
Member distributions	—	—	(341)	(341)
Net income and comprehensive income	—	—	1,256	1,256
December 31, 2016	**1,000,000**	**2,200**	**(768)**	**1,432**
Member distributions	—	—	(998)	(998)
Net income and comprehensive income	—	—	2,168	2,168
December 31, 2017	**1,000,000**	**$ 2,200**	**$ 402**	**$ 2,602**

See accompanying notes to financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in $000's USD, except unit data)	**December 31, 2017**	**December 31, 2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 2,168	$ 1,256
Items not affecting cash		
Depreciation	78	75
Increase (decrease) in non-cash working capital items:		
Inventory	(92)	(8)
Other current assets	3	(6)
Accounts payable and accrued liabilities	89	62
Net cash provided by operating activities	**$ 2,246**	**$ 1,379**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(20)	(15)
Related party note receivable	(317)	—
Net cash used in investing activities	**$ (337)**	**$ (15)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	(998)	(341)
Repayment of related party notes payable	(300)	(240)
Net cash used in financing activities	**$ (1,298)**	**$ (581)**
NET INCREASE / (DECREASE) IN CASH	611	782
CASH - Beginning of year	921	138
CASH - End of year	**$ 1,532**	**$ 921**

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

Prime Wellness of Connecticut, LLC (“PWCT” or the "Company") is a for-profit entity formed in Connecticut on August 27, 2013. PWCT is a licensed medical marijuana dispensary in Connecticut, operating in a retail location in South Windsor, Connecticut.

2. BASIS OF PREPARATION

Statement of compliance
The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company's reporting for the years ended December 31, 2017 and 2016. These financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for goods and services generally based upon the fair value at the time of the transaction of the consideration given in the exchange for the asset. In addition, these annual financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company’s functional currency.

Estimates and critical judgements by management
The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
The cash balance is comprised of solely of cash on hand as at December 31, 2017 and 2016.

Inventory
All inventory consists of finished goods. Inventories for finished goods and packaging and supplies are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value.

Capital assets
Capital assets are stated at cost, net of accumulated depreciation and impairment losses, if any. Capital assets are derecognized upon disposal or when no future economic benefits are expected from its use.

Depreciation is calculated using the following terms and methods:

Capital asset class	Method	Time Period
Leasehold improvements	Straight-line	Shorter of useful life or length of the lease term
Furniture, fixtures and equipment	Straight-line	5-7 years

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statements of operations in the year the asset is derecognized. The assets' residual values, useful lives and methods of amortization are reviewed at each financial year end, and adjusted prospectively if appropriate.

Impairment of non-financial assets
Long-lived assets, including capital assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of operations by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount or the carrying amount that would have been recorded had no impairment loss been recognized previously.

Income taxes
The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the members. As such, no recognition of federal or state income taxes for the Company that are organized as limited liability companies have been provided for in the accompanying financial statements. Any uncertain tax position taken by the members is not an uncertain position of the Company.

Revenue
Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped or delivered to customers and:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably. Amounts disclosed as revenue are net of allowances, discounts and rebates.

Additionally, the Company elected to early adopt IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRS guidance. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company does not enter into contracts with customers. Therefore, the early adoption of IFRS 15 did not affect the Company's statement of financial position or cash flows from operating, investing, or financing activities. Furthermore, the impact on timing of revenue recognition was not material as the treatment of revenue for services rendered, as outlined above, is consistent under IFRS 15 and IAS 18.

Financial instruments
The Company early-adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement". The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"). Presently, the Company's only financial instruments are in the form of cash, a related party loan receivable and its corresponding interest, the financial assets held by the Company are measured at amortized cost.

The Company determines classification of financial assets at initial recognition. The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at FVTPL unless they meet the following criteria for amortized cost:

- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities - non-derivative financial liabilities are measured at amortized cost unless they have been designated as FVTPL. Derivative liabilities are initially measured at FVTPL, with subsequent changes in fair market value recognized in the statement of operations.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	Amortized cost
Related party note receivable	Amortized cost
Other non-current assets	Amortized cost
Account payable and accrued liabilities	Amortized cost
Related party notes payable	Amortized cost

New standards and interpretations issued but not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements:

IFRS 16 Leases
In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact of adoption.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated Useful Lives of Capital Assets, Net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

5. CAPITAL ASSETS, net

At December 31, 2017 and 2016, capital assets consist of:

As of December 31,	2017	2016
Furniture, fixtures and equipment	$ 190	$ 180
Leasehold improvements	754	744
Total Capital Assets	**944**	**924**
Less: Accumulated Depreciation	(245)	(166)
Capital Assets, Net	**$ 699**	$ 757

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	**Accumulated Depreciation**	**Capital Assets, Net**
As of December 31, 2015	$ 909	$ (92)	$ 817
Additions	15	—	15
Depreciation	—	(75)	(75)
As of December 31, 2016	**924**	**(167)**	**757**
Additions	20	—	20
Depreciation	—	(78)	(78)
As of December 31, 2017	**$ 944**	**$ (245)**	**$ 699**

6. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2017 and 2016 consist of the following:

	2017	2016
Utilities expense	$ 120	$ 104
Bank charges	111	64
License and permit fees	107	18
Professional fees	57	53
Office expenses	26	29
Insurance expense	10	29
Miscellaneous operating expenses	18	23
Total general and administrative expenses	**$ 449**	**$ 320**

7. MEMBERS' EQUITY

PWCT ownership is comprised of two classes of membership interests; 900,000 Class A shares and 100,000 Class B shares. Class A shares have voting rights while Class B shares are non-voting. There were no transfers of ownership or authorization or issuance of shares during the years then ended.

8. COMMITMENTS

The Company occupies leased space under a five-year lease which began on August 1, 2017 and is due to expire on July 31, 2022.

Minimum lease rentals are as follows:

Years ended December 31,		Amount
2018	$	27
2019		27
2020		27
2021		27
2022		16
Total	**$**	**124**

9. RISK MANAGEMENT

The Company has exposure to risks from its use of financial instruments and periodically assesses the impact and likelihood of those risks. These risks include:

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and related party note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is held by a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include components of members' equity as well as cash. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

10. RELATED PARTY TRANSACTIONS

In November 2017, the Company issued a commercial installment note with Community Administrative Services, LLC ("CAS") for $317. CAS shares a common ownership interest with PWCT. This agreement was entered into in November 2017 with a maturity date of December 1, 2028 and has an interest rate of 8%.

The Company has received loans from a founding member during 2014 and 2015 in the form of promissory notes.
$300 was outstanding as of December 31, 2016 and the balance was paid in full in 2017. Interest payments during 2016 and 2017 were $69 and $45, respectively.

11. SUBSEQUENT EVENTS

High Street Capital Partners, LLC acquired all remaining 82.5% ownership interests in Prime Wellness of Connecticut on September 13, 2018 for a total consideration of $10,000 in the form of cash, stock, and a note payable.

Schedule "M"

PRIME WELLNESS OF CONNECTICUT'S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Prime Wellness of Connecticut, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**PWCT**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

PWCT is a for-profit entity formed on August 27, 2013 in Connecticut. PWCT is one of nine licensed dispensaries in Connecticut, operating in a 3,200 square foot retail location in South Windsor, CT. The Company received a Medical Marijuana Dispensary License from the State of Connecticut's Department of Consumer Protection on April 10, 2014 and opened to licensed patients on August 1, 2014.

Highlights from the year ended December 31, 2017

2017 was a transformational year for Prime Wellness of Connecticut, as we evolved into one of the largest cannabis dispensaries in Connecticut. Sales grew to over $9M, as can be seen on the Statement of Operations and Comprehensive Income. Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. PWCT's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in Connecticut. As at December 31, 2017, the Company had operations only in the state of Connecticut.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year December 31,		Change	
	2017	**2016**	**$**	**%**
Revenues, net	$ 9,302	$ 6,357	$ 2,945	46%
Cost of goods sold	(5,412)	(3,682)	(1,730)	(47)%
Gross profit	3,890	2,675	1,215	45%
Total operating expenses	(1,678)	(1,349)	(329)	(24)%
Total other income (loss), net	(44)	(70)	26	37%
Net income	$ 2,168	$ 1,256	$ 912	73%
Total assets	$ 2,753	$ 1,794	$ 959	53%
Long-term liabilities	$ —	$ —	$ —	n/m

n/m - Not meaningful

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

The Company derives its revenues from its retail dispensary business where cannabis and cannabis-infused products are sold to consumers.

Revenues for the year ended December 31, 2017 were $9,302, an increase of $2,945, or 46%, from the year ended December 31, 2016. The increase was driven by a significant increase in the number of registered patients in the state of Connecticut. Additionally, the Company is relatively new as 2015 was its first full year of operations. The increase in sales are reflective of the growing customer base of the Company.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold for the year ended December 31, 2017 was $5,412, an increase of $1,730, or 47%, from the year ended December 31 2016, primarily due to the increase in operations mentioned above. The gross profit margin for the years ended December 31, 2017 and 2016 was 42% and 42%, respectively.

Total operating expenses

Total operating expenses consist primarily of administrative costs, personnel costs including salaries, incentive compensation, and benefits, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses for the year ended December 31, 2017 was $1,678, an increase of $329, or 24%, compared to the year ended December 31, 2016. This was primarily driven by increased general and administrative expenses reflecting the increased volume of services required as the Company's operations increased over the year, as well as increased compensation expense driven by an increase in headcount from the scaling up of operations.

Total other income (loss), net

Total other loss for the year ended December 31, 2017 was $44, an decrease of $26 when compared to a loss of $70 for the year ended December 31, 2016. The decrease is primarily driven by $25 lower interest expense.

Net income

Net income for the year ended December 31, 2017 was $2,168, an increase of $912 or 73%, compared to net income of $1,256 for the year ended December 31, 2016. The increase in net income was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the year ended December 31,		Change	
	2017	2016	$	%
Net cash provided by operating activities	$ 2,246	$ 1,379	$ 867	63%
Net cash used in investing activities	(337)	(15)	(322)	(2,147)%
Net cash used in financing activities	(1,298)	(581)	(717)	(123)%
Change in cash	$ 611	$ 782	$ (172)	(22)%

As at December 31, 2017, we had $1,532 of cash and $1,579 of working capital surplus (current assets minus current liabilities), compared with $921 of cash and $668 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities

Net cash provided by operating activities was $2,246 for the year ended December 31, 2017, an increase of $867, or 63%, compared to $1,379 for the year ended December 31, 2016. The increase was primarily driven by the increased net income, partially offset by the higher usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash used in investing activities

Net cash used in investing activities was $337 for the year ended December 31, 2017, an increase of $322, or 2,147%, compared to $15 for the year ended December 31, 2016.

The outflow of $337 for the year ended December 31, 2017 primarily consisted of $317 in related party note receivable issued. The major outflows for the year ended December 31, 2016 consisted of $15 of fixed asset purchases.

Cash used in financing activities

Net cash used in financing activities was $1,298 for the year ended December 31, 2017, an increase of $717, or 123%, compared to $581 for the year ended December 31, 2016.

The outflow of $1,298 for the year ended December 31, 2017 consisted of $998 in member distributions and $300 in repayment of a related party notes payable.

The outflow for the year ended December 31, 2016 represents $341 of member distributions and $240 in repayment of a related party notes payable.

Contractual obligations

The Company and its subsidiaries have entered into operating lease agreements for its dispensary. The following represents the Company's commitments in relation to its operating leases:

Period		Amount
Not later than one year	$	27
Later than one year and not later than five years		97
Later than five years		—
Total	**$**	**124**

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

The Company issued a commercial installment note with Community Administrative Services, LLC ("CAS"), which shares a common ownership interest with PWCT. This agreement was entered into in November 2017 with a maturity date of December 1, 2028.

As described in Note 10 of the annual audited financial statements, the Company received loans from a founding member during 2014 and 2015 in the form of promissory notes. $300 was outstanding as of December 31, 2016 and the balance was paid in full in 2017.

7. PROPOSED TRANSACTIONS

Subsequent event
High Street Capital Partners, LLC acquired all ownership interests in Prime Wellness of Connecticut on September 13, 2018 for a total consideration of $10M in the form of cash, stock, and a note payable.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated Useful Lives of Capital Assets, Net

The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets

At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements:

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact of adoption.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to risks from its use of financial instruments and periodically assesses the impact and likelihood of those risks. These risks include:

Market risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk

Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and related party note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is held by a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include components of members' equity as well as cash. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

11. OUTSTANDING SHARE DATA

PWCT ownership is comprised of two classes of membership interests; 900,000 Class A shares and 100,000 Class B shares. Class A shares have voting rights while Class B shares are non-voting. There were no transfers of ownership or authorization or issuance of shares during the three and six months ended June 30, 2018 and June 30, 2017.

Schedule "N"

PRIME WELLNESS OF CONNECTICUT'S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

PRIME WELLNESS OF CONNECTICUT, LLC
CONDENSED INTERIM FINANCIAL STATEMENTS

As of June 30, 2018 and December 31, 2017
For the Three and Six Months Ended June 30, 2018 and June 30, 2017

(Unaudited)

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PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(Expressed in $000's USD, except unit data)	Note	June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 1,033	$ 1,532
Inventory		185	188
Other current assets		11	10
Total current assets		**1,229**	**1,730**
Capital assets, net	4	702	699
Related party note receivable	9	417	317
Other non-current assets		7	7
Total non-current assets		**1,126**	**1,023**
TOTAL ASSETS		**$ 2,355**	**$ 2,753**
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 144	$ 151
Total current liabilities		**144**	**151**
TOTAL LIABILITIES		**$ 144**	**$ 151**
Members Equity	6	2,211	2,602
TOTAL MEMBERS' EQUITY		**$ 2,211**	**$ 2,602**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**$ 2,355**	**$ 2,753**

See accompanying notes to the condensed interim financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(Expressed in $000's USD, except unit data)	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Revenues, net		$ 2,748	$ 2,290	$ 5,340	$ 4,392
Less: cost of goods sold		(1,630)	(1,304)	(3,197)	(2,536)
Gross Profit		**1,118**	**986**	**2,143**	**1,856**
OPERATING EXPENSES					
General and administrative	5	155	118	263	211
Compensation expense		374	335	607	599
Marketing		1	2	1	6
Depreciation expense	4	20	20	40	39
Total operating expenses		**550**	**475**	**911**	**855**
Income from operations		$ 568	$ 510	$ 1,232	$ 1,001
Other expenses		—	(11)	—	(22)
Total other expenses		—	(11)	—	(22)
Net income before income taxes		$ 568	499	$ 1,232	$ 979
Income taxes		100	—	100	—
Net income and comprehensive income		**$ 468**	**$ 499**	**$ 1,132**	**$ 979**

See accompanying notes to the condensed interim financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF MEMBERS' EQUITY
(Unaudited)

(Expressed in $000's USD, except unit data)	Membership Units	Contributed Capital	Retained Earnings (Accumulated Deficit)	Total Members' Equity
December 31, 2016	**1,000,000**	**$ 2,200**	**$ (768)**	$ 1,432
Member distributions	—	—	(990)	(990)
Net income and comprehensive income	—	—	979	979
Balance at June 30, 2017	**1,000,000**	**2,200**	**(779)**	**1,421**
December 31, 2017	**1,000,000**	**2,200**	**402**	**2,602**
Member distributions	—	—	(1,523)	(1,523)
Net income and comprehensive income	—	—	1,132	1,132
Balance at June 30, 2018	**1,000,000**	**$ 2,200**	**$ 11**	**$ 2,211**

See accompanying notes to the condensed interim financial statements

PRIME WELLNESS OF CONNECTICUT, LLC
STATEMENTS OF CASH FLOWS
(Unaudited)

(Expressed in $000's USD, except unit data)	**Six months ended June 30, 2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 1,132	$ 979
Items not affecting cash		
Depreciation	40	39
Increase (decrease) in non-cash working capital items:		
Inventory	3	(109)
Other current assets	(1)	(1)
Accounts payable and accrued liabilities	(7)	68
Net cash provided by operating activities	**$ 1,167**	**$ 976**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(43)	(18)
Related party note receivable	(100)	(9)
Net cash used in investing activities	**$ (143)**	**$ (27)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member distributions	(1,523)	(990)
Net cash used in financing activities	**$ (1,523)**	**$ (990)**
NET INCREASE / (DECREASE) IN CASH	(499)	(41)
CASH - Beginning of year	1,532	921
CASH - End of year	**$ 1,033**	**$ 880**

See accompanying notes to the condensed interim financial statements

1. NATURE OF OPERATIONS

Prime Wellness of Connecticut, LLC (“PWCT” or the "Company") is a for-profit entity formed in Connecticut on August 27, 2013. PWCT is a licensed medical marijuana dispensary in Connecticut, operating in a retail location in South Windsor, Connecticut.

2. BASIS OF PREPARATION

Statement of compliance
The accompanying condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These condensed interim financial statements for the three and six months ending June 30, 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements at December 31, 2017. These condensed interim consolidated financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These condensed interim financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for goods and services generally based upon the fair value at the time of the transaction of the consideration given in the exchange for the asset. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The condensed interim financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company’s functional currency.

Significant accounting policies
The significant accounting policies as disclosed in the Company’s annual consolidated financial statements as at December 31, 2017 have been applied consistently in the preparation of these condensed interim consolidated financial statements.

Estimates and critical judgements by management
The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated Useful Lives of Capital Assets, Net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

4. CAPITAL ASSETS, net

At June 30, 2018 and December 31, 2017, capital assets consist of:

	June 30, 2018	December 31, 2017
Furniture, fixtures and equipment	$ 204	$ 190
Leasehold improvements	783	754
Total Capital Assets	**987**	**944**
Less: Accumulated Depreciation	(285)	(245)
Capital Assets, Net	**$ 702**	**$ 699**

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	Accumulated Depreciation	Capital Assets, Net
As of December 31, 2016	**924**	**(167)**	**757**
Additions	20	—	20
Depreciation	—	(78)	(78)
As of December 31, 2017	**944**	**(245)**	**699**
Additions	43	—	43
Depreciation	—	(40)	(40)
As of June 30, 2018	**987**	**(285)**	**702**

5. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses as of June 30, 2018 and 2017 consist of the following:

	Six months ended June 30,	
	2018	**2017**
Utilities expense	$ 68	$ 64
Bank charges	63	53
License and permit fees	63	44
Professional fees	34	26
Office expenses	13	10
Insurance expense	14	4
Miscellaneous operating expenses	8	10
Total general and administrative expenses	**$ 263**	**211**

6. MEMBERS' EQUITY

PWCT ownership is comprised of two classes of membership interests; 900,000 Class A shares and 100,000 Class B shares. Class A shares have voting rights while Class B shares are non-voting. There were no transfers of ownership or authorization or issuance of shares during the three and six months ended June 30, 2018 and June 30, 2017.

7. COMMITMENTS

The Company occupies leased space under a five-year lease which began on August 1, 2017 and is due to expire on July 31, 2022.

Minimum lease rentals are as follows:

Years ended December 31,	**Amount**
2018	14
2019	27
2020	27
2021	27
2022	16
Total	**$ 111**

8. RISK MANAGEMENT

The Company has exposure to risks from its use of financial instruments and periodically assesses the impact and likelihood of those risks. These risks include:

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and related party note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is held by a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include components of members' equity as well as cash. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

9. RELATED PARTY TRANSACTIONS

The Company issued a commercial installment note with Community Administrative Services, LLC ("CAS"), which shares a common ownership interest with PWCT. This agreement was entered into in November 2017 with a maturity date of December 1, 2028.

10. SUBSEQUENT EVENTS

High Street Capital Partners, LLC acquired all ownership interests in Prime Wellness of Connecticut on September 13, 2018 for a total consideration of $10,000 in the form of cash, stock, and a note payable.

Schedule "O"

PRIME WELLNESS OF CONNECTICUT'S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Prime Wellness of Connecticut, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**PWCT**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

PWCT is a for-profit entity formed on August 27, 2013 in Connecticut. PWCT is one of nine licensed dispensaries in Connecticut, operating in a 3,200 square foot retail location in South Windsor, CT. The Company received a Medical Marijuana Dispensary License from the State of Connecticut's Department of Consumer Protection on April 10, 2014 and opened to licensed patients on August 1, 2014.

Highlights from the three and six months ended June 30, 2018

2018 is on pace to be a record year for Prime Wellness of Connecticut. Sales grew to over approximately $5.3M through the first six months, an increased of approximately $1M from the same period in 2017. These numbers can be seen on the Statement of Operations and Comprehensive Income.

Looking forward, management believes that we are well positioned to continue our rapid growth and market leadership, and are excited for all the opportunities the future holds.

Operational and Regulation Overview

Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. PWCT's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in Connecticut. As at December 31, 2017, the Company had operations only in the state of Connecticut.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Revenues, net	$ 2,748	$ 2,290	$ 458	20%	$ 5,340	$ 4,392	$ 948	22%
Cost of goods sold	(1,630)	(1,304)	(326)	(25)	(3,197)	(2,536)	(661)	(26)
Gross profit	1,118	986	132	13	2,143	1,856	287	15
Total operating expenses	(550)	(475)	(75)	(16)	(911)	(855)	(56)	(7)
Total other expenses	—	(11)	11	n/m	—	(22)	22	n/m
Income tax expense	(100)	—	(100)	n/m	(100)	—	(100)	n/m
Net income	$ 468	$ 499	$ (31)	(6)%	$ 1,132	$ 979	$ 153	16%

			Change	
	June 30, 2018	December 31, 2017	$	%
Total assets	$ 2,355	$ 2,753	$ (398)	(14)%

n/m - Not meaningful

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Revenues

The Company derives its revenues from its retail dispensary business where cannabis and cannabis-infused products are sold to consumers.

Revenues increased $458, or 20%, to $2,748 and $948, or 22%, to $5,340 in the three and six months ended June 30, 2018, respectively. The increase was driven by continued growth in the number of registered patients in the state of Connecticut and specifically those registered to PWCT.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold increased $326, or 25%, to $1,630 and $661, or 26%, to $3,197 in the three and six months ended June 30, 2018, respectively, primarily due to the increase in operations mentioned above. The gross profit margin was 41% and 43% for the three months ended June 30, 2018 and 2017, respectively, and 40% and 42% for the six months ended June 30, 2018 and 2017, respectively.

Total operating expenses

Total operating expenses consist primarily of administrative costs, personnel costs including salaries, incentive compensation, and benefits, marketing and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses increased $75, or 16%, to $550 and $56, or 7%, to $911 in the three and six months ended June 30, 2018, respectively. This was primarily driven by increased general and administrative expenses reflecting the increased volume of services required as the Company's operations increased over the year.

Total other expenses

Total other expenses were nil in the three and six months ended June 30, 2018, compared to $11 and $22 in the three and six months ended June 30, 2017. These amounts represented interest payments made by PWCT. The loan was paid off in full in 2017.

Net income

Net income decreased $31, or 6%, to $468 and increased $153, or 16%, to $1,132 in the three and six months ended June 30, 2018, respectively. The changes in net income were driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business, capital expenditures, and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	**For the six months ended June 30,**		**Change**	
	2018	**2017**	**$**	**%**
Net cash provided by operating activities	$ 1,167	$ 976	$ 191	20%
Net cash used in investing activities	(143)	(27)	(116)	(430)%
Net cash used in financing activities	(1,523)	(990)	(533)	(54)%
Change in cash	$ (499)	$ (42)	$ (458)	(1,090)%

As at June 30, 2018, we had $1,033 of cash and $1,085 of working capital surplus (current assets minus current liabilities), compared with $880 of cash and $677 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities

Net cash provided by operating activities was $1,167 for the six months ended June 30, 2018, an increase of $191, or 20%, compared to $976 for the six months ended June 30, 2017. The increase was primarily driven by the increased net income and the lower usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash used in investing activities

Net cash used in investing activities was $143 for the six months ended June 30, 2018, an increase of $116, or 430%, compared to $27 for the six months ended June 30, 2017.

The outflow of $143 for the year ended December 31, 2017 consisted of $100 in related party note receivable issued and $43 in fixed asset purchases. The outflow of $27 for the year ended December 31, 2016 consisted of $9 in related party note receivable issued and $18 of fixed asset purchases.

Cash used in financing activities

Net cash used in financing activities was $1,523 for the year ended December 31, 2017, an increase of $533, or 54%, compared to $990 for the year ended December 31, 2016.

The outflow of $1,523 and $990 for the year ended December 31, 2017 and 2016, respectively, represented member distributions made.

Contractual obligations

The Company and its subsidiaries have entered into operating lease agreements for its dispensary. The following represents the Company's commitments in relation to its operating leases

Period		Amount
Not later than one year	$	14
Later than one year and not later than five years		97
Later than five years		—
Total	**$**	**111**

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

The Company issued a commercial installment note with Community Administrative Services, LLC ("CAS"), which shares a common ownership interest with PWCT. This agreement was entered into in November 2017 with a maturity date of December 1, 2028.

7. PROPOSED TRANSACTIONS

Subsequent event

High Street Capital Partners, LLC acquired all ownership interests in Prime Wellness of Connecticut on September 13, 2018 for a total consideration of $10M in the form of cash, stock, and a note payable.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to apply judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations with regards to future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Estimated Useful Lives of Capital Assets, Net
The Company estimates the useful lives of capital assets based on the period over which the assets are expected to be available for use. The estimated useful lives of capital assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of capital assets are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the capital assets would increase the recorded expenses and decrease the non-current assets.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

There have been no changes in, or adoption of, accounting principles since our annual audited financial statements. Refer therein for details.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to risks from its use of financial instruments and periodically assesses the impact and likelihood of those risks. These risks include:

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and related party note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is held by a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include components of members' equity as well as cash. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

11. OUTSTANDING SHARE DATA

PWCT ownership is comprised of two classes of membership interests; 900,000 Class A shares and 100,000 Class B shares. Class A shares have voting rights while Class B shares are non-voting. There were no transfers of ownership or authorization or issuance of shares during the three and six months ended June 30, 2018 and June 30, 2017.

Schedule "P"

THE WELLNESS & PAIN MANAGEMENT CONNECTION'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016
(Expressed in US Dollars, unless otherwise stated)

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DAVIDSON & COMPANY LLP — Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
The Wellness & Pain Management Connection, LLC

We have audited the accompanying financial statements of The Wellness & Pain Management Connection, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016 and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Wellness & Pain Management Connection, LLC as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

November 2, 2018

A member of Nexia International

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THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

(Expressed in U.S. dollars)	Note	December 31, 2017	December 31, 2016
ASSETS			
Cash		$ 161,402	$ 134,467
Note receivable from related party, current portion	8	625,755	589,149
Other current assets		103,314	—
Total current assets		890,471	723,616
Note receivable from related party	8	444,781	1,112,180
Total non-current assets		444,781	1,112,180
TOTAL ASSETS		$ 1,335,252	$ 1,835,796
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities	6	$ 50,878	$ 500,115
TOTAL LIABILITIES		50,878	500,115
Members' equity	7	4,800,007	4,800,007
Retained loss		(3,515,633)	(3,464,326)
TOTAL MEMBERS' EQUITY		1,284,374	1,335,681
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 1,335,252	$ 1,835,796

See accompanying notes to financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(U.S. dollars, except unit data)	Note	December 31, 2017	December31, 2016
Revenues, net		$ 1,987,803	$ 4,178,581
Less: cost of goods sold		(429,410)	—
Gross profit		1,558,393	4,178,581
OPERATING EXPENSES			
General and administrative	5	791,074	610,597
Total operating expenses		791,074	610,597
Income from operations		767,319	3,567,984
Other income		115,384	162,400
Total other income		115,384	162,400
Net income and comprehensive income		$ 882,703	$ 3,730,384

See accompanying notes to financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(U.S. dollars, except unit data)	Membership Units	Members' Equity	Retained Loss	Total Members' Equity
December 31, 2015	6,000,000	$ 4,800,007	$ (2,626,495)	$ 2,173,512
Distributions, net	—	—	(4,568,215)	(4,568,215)
Net income and comprehensive income	—	—	3,730,384	3,730,384
December 31, 2016	6,000,000	4,800,007	(3,464,326)	1,335,681
Distributions, net	—	—	(934,010)	(934,010)
Net income and comprehensive income	—	—	882,703	882,703
December 31, 2017	6,000,000	$ 4,800,007	$ (3,515,633)	$ 1,284,374

See accompanying notes to financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(expressed in U.S. dollars)	**December 31, 2017**	**December 31, 2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 882,703	$ 3,730,384
Changes in non-cash working capital items:		
Interest receivable from related party	13,890	(9,807)
Other current assets	(103,314)	—
Accounts payable and accrued liabilities	(449,237)	500,114
Net cash provided by operating activities	**$ 344,042**	**$ 4,220,691**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes issued to related party	616,903	478,798
Net cash provided by investing activities	**$ 616,903**	**$ 478,798**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital distributions, net	(934,010)	(4,568,215)
Net cash used in financing activities	**$ (934,010)**	**$ (4,568,215)**
NET INCREASE IN CASH	26,935	131,274
CASH - Beginning of year	134,467	3,193
CASH - End of year	**$ 161,402**	**$ 134,467**

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

The Wellness & Pain Management Connection, LLC ("WPMC" or the "Company") is a for-profit entity formed on August 3, 2011 in the State of Delaware that provides financing and consulting services through a consulting agreement with Northeast Patient Group doing business as Wellness Connection of Maine ("WCM"). WCM is a non-profit entity formed on November 15, 2010 in the State of Maine that holds four dispensary licenses from the Maine Department of Health and Human Services.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in these financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2017. These financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these annual financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
The cash balance is comprised of solely of cash on hand as at December 31, 2017 and 2016.

Financial instruments
The Company early-adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement". The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI").

As the Company's only financial instruments are in the form of cash, a related party loan receivable and its corresponding interest, the financial assets held by the Company are measured at amortized cost.

The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at FVTPL unless they meet the following criteria for amortized cost:
- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 inputs for assets or liabilities not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	Classification
Cash	Amortized Cost
Notes from related party	Amortized Cost

Revenue
Management fee revenue is recognized at the fair value of consideration received or receivable. The Company's revenue is derived from a consulting agreement made with WCM in which WPMC receives consideration for certain services provided as defined in the consulting agreement executed on August 3, 2011.

Revenue is recognized at the fair value of consideration received or receivable. Revenue is recognized when the following conditions have been satisfied: persuasive evidence of an arrangement exists, services are rendered, the price is fixed or determinable, and collectibilty is reasonably assured.

Additionally, the Company elected to early adopt IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRS guidance. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

As described above, the Company's only source of revenue is through a management and consulting agreement with WCM. The early adoption of IFRS 15 did not affect the Company’s statement of financial position or cash flows from operating, investing, or financing activities. Furthermore, the impact on timing of revenue recognition was not material as the treatment of revenue for services rendered is consistent under IFRS 15 and IAS 18.

Income taxes
The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company or its subsidiaries that are organized as limited liability companies have been provided for in the accompanying financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

Critical accounting estimates and judgements
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

New standards and interpretations issued but not yet adopted
A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements:

Leases
In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee.
Under the new standard, the treatment of all lease expense is aligned in the Statement of Operations with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our financial statements.

4. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions.
Additionally, the Company currently receives all of its revenue based upon a management and consulting agreement with WCM. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

5. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2017 and 2016 consist of the following:

		2017		2016
Board of directors fees	$	110,000	$	28,300
Professional fees		597,351		310,596
Cultivation consulting expense		—		198,000
Other operating expenses		83,723		73,701
Total general and administrative expenses	**$**	**791,074**	**$**	**610,597**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the years ended December 31, 2017 and 2016 consist of the following:

		2017		2016
Accrued consulting fees	$	41,878	$	—
Tax distributions payable		—		428,977
Other accrued liabilities		9,000		71,138
Total accounts payable and accrued liabilities	**$**	**50,878**	**$**	**500,115**

7. MEMBERS' EQUITY

WPMC ownership is comprised of two classes of membership interests; 2,400,000 Class A shares and 3,600,000 Class B shares.

Company distributions have repaid Class B shareholders their invested capital and preferred return and met the Class A shareholder target distribution. Consequently, all ongoing distributions are paid to investors in pro-rata fashion, reflecting their ownership interests, irrespective of whether they are comprised of Class A or Class B shares.

During the years ended December 31, 2017 and 2016, there were no additional shares issued or authorized.

8. RELATED PARTY TRANSACTIONS

As described in Note 1, WPMC renders consulting services and assistance to WCM pursuant to agreements between the Company and WCM and in compliance with the laws, rules and regulations of the State of Maine, as was approved by the State of Maine Department of Health and Human Services ("DHHS"). WPMC has a common ownership interest with WCM.

WPMC has issued several loans to WCM over the course of the agreement as part of this assistance. These loans, in aggregate, total $4,050,000 in principal at an interest rate of 8.5% and are due as of August 15, 2019. No loans have been issued since 2012. The balance of the loans due from WCM is $625,755 in the year of 2018 with the remainder of the balance, $444,781, due in 2019.

Additionally, as part of the terms and conditions of the agreement, WCM makes royalty payments to WPMC based on a percentage of net sales of products. WPMC then remits a portion of these royalty payments to CanWell, an investor in WPMC, in exchange for consulting services related to botanical processing.

All parties can opt out of the arrangement subject to the terms of the consulting agreement.

9. SUBSEQUENT EVENTS

In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, increased its ownership interest in The Wellness & Pain Management Connection, LLC, to a controlling interest after a $19.4 million all-in consideration.

Schedule "Q"

THE WELLNESS & PAIN MANAGEMENT CONNECTION'S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of The Wellness & Pain Management Connection, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**WPMC**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

WPMC is a for-profit entity formed on August 3, 2011 in the State of Delaware that provides financing and consulting services through a consulting agreement with Northeast Patient Group doing business as Wellness Connection of Maine ("WCM"). WCM is a non-profit entity formed on November 15, 2010 in the State of Maine that holds four dispensary licenses from the Maine Department of Health and Human Services and began operating medicinal dispensary operations in Bath, Brewer, Gardiner and Portland, Maine in 2011. WCM also operates a 40,000 square foot marijuana cultivation / processor facility in Auburn, Maine.

Highlights from the year ended December 31, 2017

2017 was a busy year for Maine from a regulatory perspective. While medical marijuana has been legal in some fashion since 1999, the state has been making efforts to legalize recreational use as well. Voters in Maine approved of legalization at the ballot box in November 2016. However, in November 2017, Gov. Paul LePage vetoed a bill that would have allowed for recreational use. This veto was overturned by the State House several months later.

Therefore, while the future of recreational use in Maine remains in question, the medical use business has continued to flourish with over $14M in sales at WCM for the year ended December 31, 2017.

Operational and Regulation Overview

Maine has allowed prescribing and limited possession of medical marijuana since 1999, but the law lacked any distribution mechanism. On November 3, 2009 a referendum approved medical-grade marijuana to be dispensed by licensed dispensaries to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and PTSD. WPMC provides management and operational services to WCM, a non-profit entity holding four dispensary certificates of registration and one cultivation and processing certificate of registration.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year ended December 31,		Change	
	2017	**2016**	**$**	**%**
Revenues, net	$ 1,987,803	$ 4,178,581	$ (2,190,778)	(52)%
Cost of goods sold	(429,410)	—	(429,410)	n/m
Gross profit	1,558,393	4,178,581	(2,620,188)	(63)%
Total operating expenses	(791,074)	(610,597)	(180,477)	30%
Total other income, net	115,384	162,400	(47,016)	(29)%
Net income	$ 882,703	$ 3,730,384	$ (2,847,681)	(76)%
Total assets	$ 1,335,252	$ 1,835,796	$ (500,544)	(27)%
n/m - Not meaningful				

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

The Company derives its revenues through a management and consulting agreement with a retail dispensary and cultivation business where cannabis and cannabis-infused products are sold to consumers.

Revenues for the year ended December 31, 2017 were $1,987,803, a decrease of $2,190,778, or 52%, from the year ended December 31, 2016. The decrease was driven by decreased sales at the non-profit entity, WCM, and the continued build out of the cultivation facility mentioned in Section 2.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold for the year ended December 31, 2017 was $429,410, compared to nil for the year ended December 31 2016, due to a consulting agreement entered into that is directly attributable to the sale of edible-related products sold at the non-profit. The gross profit margin for the years ended December 31, 2017 and 2016 was 78% and 100%, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses for the year ended December 31, 2017 was $791,074, an increase of $180,477, or 30%, compared to the year ended December 31, 2016. This was driven by increased general and administrative expenses, especially in professional fees, reflecting the increased complexity of services required by the Company.

Total other income, net

Total other income for the year ended December 31, 2017 was $115,384, a decrease of $47,016, or 29%, compared to the year ended December 31, 2016. The decrease is driven by lower interest payments made on an outstanding loan receivable WPMC entered into with WCM. The Company predicts this amount will continue to decrease until the loan is paid off in its entirety in 2019.

Net income

Net income for the year ended December 31, 2017 was $882,703, a decrease of $2,847,681 or 76%, compared to net income of $3,730,384 for the year ended December 31, 2016. The decrease in net income was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	**For the year ended December 31,**		**Change**	
	2017	**2016**	**$**	**%**
Net cash provided by operating activities	$ 344,042	$ 4,220,691	$ (3,876,649)	(92)%
Net cash provided by investing activities	616,903	478,798	138,105	29%
Net cash used in financing activities	(934,010)	(4,568,215)	3,634,205	(80)%
Change in cash	$ 26,935	$ 131,274	$ (104,339)	(79)%

As at December 31, 2017, we had $161,402 of cash and $839,593 of working capital surplus (current assets minus current liabilities), compared with $134,467 of cash and $223,501 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by operating activities

Net cash provided by operating activities was $344,042 for the year ended December 31, 2017, a decrease of $3,876,649, or 92%, compared to $4,220,691 for the year ended December 31, 2016. The decrease was primarily driven by the decreased net income and the higher usage of cash during the year ended December 31, 2017 due to timing of payments.

Cash provided by investing activities

Net cash provided by investing activities was $616,903 for the year ended December 31, 2017, an increase of $138,105, or 29%, compared to $478,798 for the year ended December 31, 2016.

The inflows of $616,903 and $478,798 for the years ended December 31, 2017 and 2016 consisted of repayments received from the note receivable issued to the non-profit entity, WCM.

Cash used in financing activities

Net cash used in financing activities was $934,010 for the year ended December 31, 2017, a decrease of $3,634,205, or 80%, compared to $4,568,215 for the year ended December 31, 2016.

The outflows for both years represent capital distributions to the various members of the Company. Due to the decreased net income in 2017, less capital distributions were made to the members for the year ended December 31, 2017.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

WPMC renders consulting services and assistance to WCM pursuant to agreements between the Company and WCM and in compliance with the laws, rules and regulations of the State of Maine, as was approved by the State of Maine Department of Health and Human Services ("DHHS"). WPMC has a common ownership interest with WCM and has issued several loans over the course of the agreement as part of this assistance. No loans have been issued since 2012. Refer to Note 8 in the annual audited financial statements for further details on these loans.

Additionally, as part of the terms and conditions of the agreement, WCM makes royalty payments to WPMC based on a percentage of net sales of products. WPMC then remits a portion of these royalty payments to CanWell, an investor in WPMC, in exchange for consulting services related to botanical processing.

All parties can opt out of the arrangement subject to the terms of the consulting agreement.

7. PROPOSED TRANSACTIONS

In 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, increased its ownership interest in The Wellness & Pain Management Connection, LLC, to a controlling interest after a $19.4M all-in consideration.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these financial statements:

Leases
In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the Statement of Operations with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our financial statements.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. Additionally, the Company currently receives all of its revenue based upon a management and consulting agreement with WCM. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

11. OUTSTANDING SHARE DATA

WPMC ownership is comprised of two classes of membership interests; 2,400,000 Class A shares and 3,600,000 Class B shares.

Company distributions have repaid Class B shareholders their invested capital and preferred return and met the Class A shareholder target distribution. Consequently, all ongoing distributions are paid to investors in pro-rata fashion, reflecting their ownership interests, irrespective of whether they are comprised of Class A or Class B shares.

During the years ended December 31, 2017 and 2016, there were no additional shares issued or authorized.

Schedule "R"

THE WELLNESS & PAIN MANAGEMENT CONNECTION'S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2018 and 2017
(Expressed in US Dollars, unless otherwise stated)
(Unaudited)

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THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017
(Unaudited)

(Expressed in U.S. dollars)	Note	June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 5,024	$ 161,402
Note receivable from related party, current portion	7	648,604	625,755
Other current assets		—	103,314
Total current assets		653,628	890,471
Note receivable from related party	7	113,554	444,781
Total non-current assets		113,554	444,781
TOTAL ASSETS		767,182	1,335,252
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities	5	8,783	50,878
TOTAL LIABILITIES		8,783	50,878
Contributed capital	6	4,800,007	4,800,007
Accumulated deficit		(4,041,608)	(3,515,633)
TOTAL MEMBERS' EQUITY		758,399	1,284,374
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 767,182	$ 1,335,252

See accompanying notes to the condensed interim financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(U.S. dollars, except unit data)	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Revenues, net		$ 40,000	$ 451,185	$ 140,000	$ 1,210,806
Less: Sub-consulting fee		(26,667)	(84,537)	(70,133)	(124,811)
Gross profit		13,333	366,648	69,867	1,085,995
OPERATING EXPENSES					
General and administrative	4	82,844	246,009	250,596	424,156
Total operating expenses		82,844	246,009	250,596	424,156
Income (loss) from operations		$ (69,511)	$ 120,639	$ (180,729)	$ 661,839
Other income		18,569	31,190	35,993	58,559
Total other income		18,569	31,190	35,993	58,559
Net income (loss) and comprehensive income (loss)		$ (50,942)	$ 151,829	$ (144,736)	$ 720,398

See accompanying notes to the condensed interim financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(US dollars, except unit data)	Membership Units	Contributed Capital	Accumulated Deficit	Total Members' Equity
December 31, 2016	6,000,000	$ 4,800,007	$ (3,464,326)	$ 1,335,681
Distributions, net	—	—	(656,467)	(656,467)
Net income and comprehensive income	—	—	720,398	720,398
June 30, 2017	6,000,000	4,800,007	(3,400,395)	1,399,612
December 31, 2017	6,000,000	$ 4,800,007	$ (3,515,633)	$ 1,284,374
Distributions, net	—	—	(381,239)	(381,239)
Net loss and comprehensive loss	—	—	(144,736)	(144,736)
June 30, 2018	6,000,000	$ 4,800,007	$ (4,041,608)	$ 758,399

See accompanying notes to the condensed interim financial statements

THE WELLNESS & PAIN MANAGEMENT CONNECTION, LLC
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(Unaudited)

(expressed in U.S. dollars)	**June 30, 2018**	**June 30, 2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ (144,736)	$ 720,398
Changes in non-cash working capital items:		
Other current assets	107,288	17,864
Accounts payable and accrued liabilities	(42,095)	(479,115)
Net cash provided by (used in) operating activities	**$ (79,543)**	**$ 259,147**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes issued to related party	304,403	325,377
Net cash provided by investing activities	**$ 304,403**	**$ 325,377**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital distributions, net	(381,238)	(656,467)
Net cash used in financing activities	**$ (381,238)**	**$ (656,467)**
NET DECREASE IN CASH	(156,378)	(71,943)
CASH - Beginning of year	161,402	134,467
CASH - End of year	**$ 5,024**	**$ 62,524**

See accompanying notes to the condensed interim financial statements

1. NATURE OF OPERATIONS

The Wellness & Pain Management Connection, LLC ("WPMC" or the "Company") is a for-profit entity formed on August 3, 2011 in the State of Delaware that provides financing and consulting services through a consulting agreement with Northeast Patient Group doing business as Wellness Connection of Maine ("WCM"). WCM is a non-profit entity formed on November 15, 2010 in the State of Maine that holds four of the eight dispensary licenses from the Maine Department of Health and Human Services.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in these condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's interim reporting period ended June 30, 2018.

These condensed interim financial statements for the three and six months ending June 30, 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements at December 31, 2017. These condensed interim consolidated financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These condensed interim financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting.

Significant accounting policies
The significant accounting policies as disclosed in the Company's annual consolidated financial statements as at December 31, 2017 have been applied consistently in the preparation of these condensed interim consolidated financial statements.

Basis of financial statements
The condensed interim financial statements and the accompanying notes are expressed in U.S. Dollars, which is the Company's functional currency.

3. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions.
Additionally, the Company currently receives all of its revenue based upon a management and consulting agreement with WCM. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

4. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the periods ended June 30, 2018 and 2017 consist of the following:

	June 30, 2018	June 30, 2017
Board of directors fees	$ 46,200	$ 74,300
Professional fees	154,851	193,839
Other operating expenses	49,545	156,017
Total general and administrative expenses	**$ 250,596**	**$ 424,156**

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

		June 30, 2018		December 31, 2017
Accounts payable	$	8,783	$	—
Accrued consulting fees		—		41,878
Other accrued liabilities		—		9,000
Total accounts payable and accrued liabilities	**$**	**8,783**	**$**	**50,878**

6. MEMBERS' EQUITY

WPMC ownership is comprised of two classes of membership interests; 2,400,000 Class A shares and 3,600,000 Class B shares. Class B shareholders have a preferential right to 120% of their invested capital and thereafter receive only 20% of subsequent distributions until Class A shareholders have received $1,560,000 in total distributions. Thereafter, ongoing distributions are made in accordance with each member's percentage share of aggregate WPMC ownership interests.

Company distributions have repaid Class B shareholders their invested capital and preferred return and met the Class A shareholder target distribution. Consequently, all ongoing distributions are paid to investors in pro-rata fashion, reflecting their ownership interests, irrespective of whether they are comprised of Class A or Class B shares.
During the periods ended June 30, 2018 and 2017, there were no additional shares issued or authorized. During May 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, increased its ownership interest in The Wellness & Pain Management Connection, LLC, to a controlling interest after a $19.4 million all-in consideration.

7. RELATED PARTY TRANSACTIONS

As described in Note 1, WPMC renders consulting services and assistance to WCM pursuant to agreements between the Company and WCM and in compliance with the laws, rules and regulations of the State of Maine, as was approved by the State of Maine Department of Health and Human Services ("DHHS"). WPMC has a common ownership interest with WCM.

WPMC has issued several loans to WCM over the course of the agreement as part of this assistance. These loans, in aggregate, total $4,050,000 in principal at an interest rate of 8.5% and are due as of August 15, 2019. No loans have been issued since 2012. The balance of the loans due from WCM is $648,604 in the remainder of 2018 with an additional amount of $113,554, due in 2019.

Additionally, as part of the terms and conditions of the agreement, WCM makes royalty payments to WPMC based on a percentage of net sales of products. Either party can opt out of the arrangement subject to the terms of the consulting agreement.

Schedule "S"

THE WELLNESS & PAIN MANAGEMENT CONNECTION'S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of The Wellness & Pain Management Connection, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**WPMC**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

WPMC is a for-profit entity formed on August 3, 2011 in the State of Delaware that provides financing and consulting services through a consulting agreement with Northeast Patient Group doing business as Wellness Connection of Maine ("WCM"). WCM is a non-profit entity formed on November 15, 2010 in the State of Maine that holds four dispensary licenses from the Maine Department of Health and Human Services and began operating medicinal dispensary operations in Bath, Brewer, Gardiner and Portland, Maine in 2011. WCM also operates a 40,000 square foot marijuana cultivation / processor facility in Auburn, Maine.

Highlights from the three and six months ended June 30, 2018

2018 saw a reduction in revenues statewide for all cannabis operations due to market competition and regulatory restraints. As a result, WPMC revenues declined when compared to the six months ended June 30, 2017. However, the future outlook of the industry continues to be strong as regulations point toward recreational implementation and tightening of competitors in the industry.

Operational and Regulation Overview

Maine has allowed prescribing and limited possession of medical marijuana since 1999, but the law lacked any distribution mechanism. On November 3, 2009 a referendum approved medical-grade marijuana to be dispensed by licensed dispensaries to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and PTSD. WPMC provides management and operational services to WCM, a non-profit entity holding four dispensary certificates of registration and one cultivation and processing certificate of registration.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	**2017**	**$**	**%**	**2018**	**2017**	**$**	**%**
Revenues, net	$ 40,000	$ 451,185	$ (411,185)	(91)%	$ 140,000	$ 1,210,806	$ (1,070,806)	(88)%
Sub-consulting fee	(26,667)	(84,537)	57,870	68	(70,133)	(124,811)	54,678	44
Gross profit	13,333	366,648	(353,315)	(96)	69,867	1,085,995	(1,016,128)	(94)
Total operating expenses	(82,844)	(246,009)	163,165	66	(250,596)	(424,156)	173,560	41
Total other income	18,569	31,190	(12,621)	(40)	35,993	58,559	(22,566)	(39)
Net income (loss)	$ (50,942)	$ 151,829	$ (202,771)	(134)	$ (144,736)	$ 720,398	$ (865,134)	(120)

			Change	
	June 30, 2018	**December 31, 2017**	**$**	**%**
Total assets	$ 767,182	$ 1,335,252	$ (568,070)	(43)%

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Revenues

The Company derives its revenues through a management and consulting agreement with a retail dispensary and cultivation business where cannabis and cannabis-infused products are sold to consumers.

Revenues decreased $411,185, or 91%, to $40,000 and $1,070,806, or 88%, to $140,000 for the three and six months ended June 30, 2018, respectively. The decrease was driven by decreased sales at the non-profit entity, WCM, and the continued build out of the cultivation facility.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold decreased $57,870, or 68%, to $26,667 and $54,678, or 44%, to $70,133 for the three and six months ended June 30, 2018, respectively, primarily due to the decrease in edibles sales during those periods. The gross profit margin was 33% and 81% for the three months ended June 30, 2018 and 2017, respectively, and 50% and 90% for the six months ended June 30, 2018 and 2017, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices and other professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses decreased $163,165, or 66%, to $82,844 and $173,560, or 41%, to $250,596 for the three and six months ended June 30, 2018, respectively. This was primarily driven by a significant decrease in professional fees incurred.

Total other income

Total other income decreased $12,621, or 40%, to $18,569 and $22,566, or 39%, to $35,993 for the three and six months ended June 30, 2018, respectively. The decrease is driven by lower interest payments made on an outstanding loan receivable WPMC entered into with WCM. The Company predicts this amount will continue to decrease until the loan is paid off in its entirety in 2019.

Net income (loss)

Net loss for the three months ended June 30, 2018 was $50,942, compared to net income for the three months ended June 30, 2018 of $151,829, a decline of $202,771. Net loss for the six months ended June 30, 2018 was $144,736, compared to net income for the six months ended June 30, 2018 of $720,398, a decline of $865,134. The change in net income (loss) was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business and for general corporate purposes. Our primary source of liquidity is funds generated through the normal course of business shown in our operating activities. Our ability to fund our operations or make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	**For the six months ended June 30,**		**Change**	
	2017	**2016**	**$**	**%**
Net cash provided by (used in) operating activities	$ (79,543)	$ 259,147	$ (338,690)	(131)%
Net cash provided by investing activities	304,403	325,377	(20,974)	(6)%
Net cash used in financing activities	(381,238)	(656,467)	275,229	(42)%
Change in cash	$ (156,378)	$ (71,943)	$ (84,435)	117%

As at June 30, 2018, we had $5,024 of cash and $644,845 of working capital surplus (current assets minus current liabilities), compared with $62,524 of cash and $637,453 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by (used in) operating activities

Net cash used in operating activities was $79,543 for the six months ended June 30, 2018, compared to cash provided by operating activities of $259,147 for the six months ended June 30, 2017, a decline of $338,690. The decrease was primarily driven by the increased net loss, partially offset by the lower usage of cash during the six months ended June 30, 2018.

Cash provided by investing activities
Net cash provided by investing activities was $304,403 for the six months ended June 30, 2018, a decrease of $20,974, or 6%, compared to $325,377 for the six months ended June 30, 2017.

These amounts represent repayments on the note receivable issued by WPMC to WCM. The Company would expect this amount to decrease until it is fully paid off in 2019.

Cash used in financing activities
Net cash used in financing activities was $381,238 for the six months ended June 30, 2018, a decrease of $275,229, or 42%, compared to $656,467 for the six months ended June 30, 2017.
The outflows for both years represent capital distributions to the various members of the Company. Due to the decreased net income for the first six months 2018, less capital distributions were made to the members for the period ended June 30, 2018.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

WPMC renders consulting services and assistance to WCM pursuant to agreements between the Company and WCM and in compliance with the laws, rules and regulations of the State of Maine, as was approved by the State of Maine Department of Health and Human Services ("DHHS"). WPMC has a common ownership interest with WCM and has issued several loans over the course of the agreement as part of this assistance. No loans have been issued since 2012. Refer to Note 7 in the condensed interim financial statements for further details on these loans.

Additionally, as part of the terms and conditions of the agreement, WCM makes royalty payments to WPMC based on a percentage of net sales of products. WPMC then remits a portion of these royalty payments to CanWell, an investor in WPMC, in exchange for consulting services related to botanical processing.

Either party can opt out of the arrangement subject to the terms of the consulting agreement.

7. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

8. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

There have been no changes in, or adoption of, accounting principles since our annual audited financial statements. Refer therein for details.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. Additionally, the Company currently receives all of its revenue based upon a management and consulting agreement with WCM. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

10. OUTSTANDING SHARE DATA

WPMC ownership is comprised of two classes of membership interests; 2,400,000 Class A shares and 3,600,000 Class B shares. Class B shareholders have a preferential right to 120% of their invested capital and thereafter receive only 20% of subsequent distributions until Class A shareholders have received $1,560,000 in total distributions. Thereafter, ongoing distributions are made in accordance with each member's percentage share of aggregate WPMC ownership interests.

Company distributions have repaid Class B shareholders their invested capital and preferred return and met the Class A shareholder target distribution. Consequently, all ongoing distributions are paid to investors in pro-rata fashion, reflecting their ownership interests, irrespective of whether they are comprised of Class A or Class B shares.
During the periods ended June 30, 2018 and 2017, there were no additional shares issued or authorized.

During 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, increased its ownership interest in The Wellness & Pain Management Connection, LLC, to a controlling interest after a $19.4M all-in consideration.

Schedule "T"

PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016
(Expressed in US Dollars, unless otherwise stated)

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DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
Prime Alternative Treatment Center Consulting, LLC

We have audited the accompanying financial statements of Prime Alternative Treatment Center Consulting, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Prime Alternative Treatment Center Consulting, LLC as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

November 2, 2018

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PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016

(Expressed in U.S. Dollars)	Note	December 31, 2017	December 31, 2016
ASSETS			
Cash		$ 40,352	$ 17,408
Accrued interest from related party receivable	6	1,014,571	286,942
Total current assets		1,054,923	304,350
Related party loan receivable - PCG	6	—	150,000
Related party loan receivable - PATC	6	4,869,107	4,752,107
Total non-current assets		4,869,107	4,902,107
TOTAL ASSETS		$ 5,924,030	$ 5,206,457
LIABILITIES AND MEMBERS' EQUITY			
TOTAL LIABILITIES		$ —	$ —
Members' equity	5	4,712,500	4,712,500
Retained earnings		1,211,530	493,957
TOTAL MEMBERS' EQUITY		5,924,030	5,206,457
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 5,924,030	$ 5,206,457

See accompanying notes to financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(U.S. dollars, except unit data)	Note	December 31, 2017	December 31, 2016
OPERATING EXPENSES			
General and administrative		$ 10,056	$ 10,589
Total operating expenses		10,056	10,589
Loss from operations		(10,056)	(10,589)
Other income	6	727,629	476,411
Total other income		727,629	476,411
Net income and comprehensive income		$ 717,573	$ 465,822

See accompanying notes to financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(U.S. dollars, except unit data)	Membership Units	Members' Equity	Retained Earnings	Total Members' Equity
December 31, 2015	470,000	$ 1,412,500	$ 28,135	$ 1,440,635
Contributed capital	453,334	3,300,000	—	3,300,000
Net income and comprehensive income	—	—	465,822	465,822
December 31, 2016	923,334	4,712,500	493,957	5,206,457
Contributed capital	—	—	—	—
Net income and comprehensive income	—	—	717,573	717,573
December 31, 2017	923,334	$ 4,712,500	$ 1,211,530	$ 5,924,030

See accompanying notes to financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(expressed in U.S. dollars)	December 31, 2017	December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 717,573	$ 465,822
Changes in non-cash working capital items:		
Interest receivable from related party	(727,629)	(259,458)
Prepaid balances	—	138,003
Net cash (used in) provided by operating activities	**$ (10,056)**	**$ 344,367**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes (issued to) repaid by related party - PCG	150,000	(2,150,000)
Notes (issued to) repaid by related party - PATC	(117,000)	(3,651,907)
Net cash provided by (used in) investing activities	**$ 33,000**	**$ (5,801,907)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributed capital	—	3,300,000
Net cash provided by financing activities	**$ —**	**$ 3,300,000**
NET INCREASE (DECREASE) IN CASH	22,944	(2,157,540)
CASH - Beginning of year	17,408	2,174,948
CASH - End of year	**$ 40,352**	**$ 17,408**

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

Prime Alternative Treatment Center Consulting, LLC ("PATCC" or the "Company") is a for-profit entity formed on January 15, 2015 in the State of New Hampshire that provides financing and consulting services to Prime Alternative Treatment Center, Inc. ("PATC"). PATC is a non-profit entity formed on January 15, 2015 in the State of New Hampshire and is one of four licensed, vertically integrated Alternative Treatment Centers in the state of New Hampshire with a dispensary in Merrimack, New Hampshire and a marijuana cultivation and processing facility in Peterborough, New Hampshire.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in this financial statement are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2017. These financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these annual financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The financial statements and the accompanying notes are expressed in U.S Dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company are as follows:

Cash
The cash balance is comprised of solely of cash on hand as at December 31, 2017 and 2016.

Notes receivable from related party
Notes receivable from related party is recognized at amortized cost as the payment received was solely on the principal of the amount outstanding. See Note 6 for further details.

Financial instruments
The Company early-adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement". The revised guidance changed the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. It contains three primary measurement categories for financial assets: measured at amortized cost, fair value through profit and loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"). Presently, as the Company's only financial instruments are in the form of cash, a related party loan receivable and its corresponding interest, the financial assets held by the Company are measured at amortized cost.

The Company accounting policy in respect to its financial instruments is as follows:

(i) Financial assets - are classified and measured at FVTPL unless they meet the following criteria for amortized cost:

- The Company plans to hold the financial assets in order to collect contractual cash flows; and

• Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

• Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
• Level 2 inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
• Level 3 inputs for assets or liabilities not based upon observable market data

The Company classifies its financial instruments as follows:

Financial Instrument	Classification
Cash	Amortized Cost
Promissory notes receivable	Amortized Cost
Accrued interest	Amortized Cost

Revenue
Management fee revenue is recognized at the fair value of consideration received or receivable. The Company's revenue is derived from a consulting agreement made with PATC in which PATCC receives consideration for certain services provided as defined in the consulting agreement executed on January 15, 2015.

Revenue is recognized at the fair value of consideration received or receivable. Revenue is recognized when the following conditions have been satisfied: persuasive evidence of an arrangement exists, services are rendered, the price is fixed or determinable, and collectibilty is reasonably assured.

Additionally, the Company elected to early adopt IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRS guidance. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

As described above, the Company's only source of revenue is through a management and consulting agreement with PATC. The early adoption of IFRS 15 did not affect the Company’s statement of financial position or cash flows from operating, investing, or financing activities. Furthermore, the impact on timing of revenue recognition was not material as the treatment of revenue for services rendered is consistent under IFRS 15 and IAS 18.

Income taxes
The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company or its subsidiaries that are organized as limited liability companies have been provided for in the accompanying financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

Critical accounting estimates and judgements
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

Impairment on financial assets
At each reporting date the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

New standards and interpretations issued but not yet adopted
A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2017 and, in some cases, have not been applied in preparing these financial statements:

Leases
In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the Statement of Operations with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our financial statements.

4. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

5. MEMBERS' EQUITY

The Company has three classes of units: Preferred Units, Class A Units, and Class B Units. Each Preferred Unit and Class A Unit entitles the holder to voting rights. Class B Units are non-voting, as defined by the Company's operating agreement. As of December 31, 2017 and 2016, the Company had 263,334 Preferred Units, 660,000 Class A Units, and no Class B Units outstanding.

On January 15, 2016, 163,334 Preferred Units and 290,000 Class A units were issued to various shareholders for proceeds of $3,300,000.

6. RELATED PARTY TRANSACTIONS

The Company issued a line of credit agreement ("LOC") with PATC, which has a common ownership interest with PATCC, for $4,650,000. This agreement was effective on August 1, 2016 and runs through July 1, 2022 with an interest rate of 15%. The principal balance is reflected in the "Related party loan receivable - PATC" line item on the Statement of Financial Position. The interest receivable balance is reflected in the "Accrued interest from related party receivable" line item on the Statement of Financial Position. The interest income earned is shown as "Income from investments, net" on the Statement of Operations and Comprehensive income.

The Company also issued a term loan with Prime Consulting Group ("PCG"), which has a common ownership interest with PATCC, for $3,000,000 on January 20, 2015. It had a balance of $150,000 as of December 31, 2016 and a zero dollar balance as of December 31, 2017. This is reflected in the "Related party loan receivable - PCG" line item on the Statement of Financial Condition.

As described in Note 1, the Company provides management and consulting services to PATC. Per the terms of the agreement, the Company provides support services and consulting expertise. As part of the terms and conditions of the agreement, PATC makes royalty payments to PATCC based on a percentage of net sales of products. PATCC only recognizes the revenue to the extent collectible as noted in our significant accounting policy. Either party can opt out of the arrangement subject to the terms of the consulting agreement.

7. SUBSEQUENT EVENTS

In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, acquired all remaining non-controlling interests in Prime Alternative Treatment Center Consulting, LLC. Total consideration for this transaction was approximately $16.1 million consisting of a promissory note and HSCP membership units.

Schedule "U"

PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING'S MD&A FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Prime Alternative Treatment Center Consulting, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**PATCC**") is for the years ended December 31, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Company's audited financial statements and the accompanying notes for the years ended December 31, 2017 and 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

Prime Alternative Treatment Center Consulting, LLC is a for-profit entity formed on January 15, 2015 in the State of New Hampshire that provides financing and consulting services to Prime Alternative Treatment Center, Inc. ("PATC"). PATC is a non-profit entity formed on January 15, 2015 in the State of New Hampshire and is one of four licensed, vertically integrated Alternative Treatment Centers in the state of New Hampshire with a dispensary in Merrimack, New Hampshire and a marijuana cultivation and processing facility in Peterborough, New Hampshire.

Highlights from the year ended December 31, 2017

Operations have been consistent year-over-year with PATCC. The business is relatively nascent as 2016 was the first full year of operations. The non-profit continues to see increased sales, which will eventually be reflected in PATCC through the terms of the consulting agreement.

Operational and Regulation Overview

New Hampshire's Therapeutic Cannabis Program was enacted on July 23, 2013, allowing New Hampshire residents with qualifying medical conditions to use cannabis for medical purposes. Among the 18 original qualifying medical conditions were cancer, HIV/AIDS, ALS and Crohn's disease, with post-traumatic stress disorder and other medical conditions added later. The first New Hampshire dispensary began serving patients on April 30, 2016. On July 18, 2017, a bill was passed reducing penalties for non-registered and non-medicinal possession of three-quarters of an ounce or less of cannabis from a criminal misdemeanor to a civil violation punishable only by a fine.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual consolidated financial statements of the Company as at and for the years ended December 31, 2017 and December 31, 2016. The selected combined financial information set out below may not be indicative of the Company's future performance.

	As at and for the year ended December 31,		Change	
	2017	**2016**	**$**	**%**
Total operating expenses	$ (10,056)	$ (10,589)	$ 533	(5)%
Total other income	727,629	476,411	251,218	53%
Net income	$ 717,573	$ 465,822	$ 251,751	54%
Total assets	$ 5,924,030	$ 5,206,457	$ 717,573	14%

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Total operating expenses

Total operating expenses consist primarily of professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses for the year ended December 31, 2017 was $10,056, a decrease of $533, or 5%, when compared to December 31, 2016. These amounts are relatively consistent year-over-year, and may increase going forward from the scaling up of operations.

Total other income

Total other income for the year ended December 31, 2017 was $727,629, an increase of $251,218, or 53%, when compared to $476 for the year ended December 31, 2016. The increase is driven by the fact the loan from which the interest income is derived was not issued until August 2016. Therefore, 2017 was the first full year of recorded interest income.

Net income

Net income for the year ended December 31, 2017 was $717,573, an increase of $251,751 or 54%, compared to $465,822 for the year ended December 31, 2016. The increase in net income was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. To date, we have used private financing as a source of liquidity for general corporate purposes. Our ability to fund our operations depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the year ended December 31, 2017	2016	Change $
Net cash provided by (used in) operating activities	$ (10,056)	$ 344,367	$ (354,423)
Net cash provided by (used in) investing activities	33,000	(5,801,907)	5,834,907
Net cash provided by financing activities	—	3,300,000	(3,300,000)
Change in cash	$ 22,944	$ (2,157,540)	$ 2,180,484

As at December 31, 2017, we had $40,352 of cash and $1,054,923 of working capital surplus (current assets minus current liabilities), compared with $17,408 of cash and $304,350 of working capital surplus as at December 31, 2016.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash provided by (used in) operating activities
Net cash used in operating activities was $10,056 for the year ended December 31, 2017, compared to cash provided by operating activities of $344,367 for the year ended December 31, 2016. The decrease was primarily driven by the increased balance of interest receivable during the year ended December 31, 2017.

Cash provided by (used in) investing activities
Net cash provided by investing activities was $33,000 for the year ended December 31, 2017, compared to cash used in investing activities of $5,801,907 for the year ended December 31, 2016.

The inflows of $33,000 for the year ended December 31, 2017 consisted of $150,000 of funds received from a related party. This amount was partially offset by issuing funds to PATC for $117,000. See Note 6 of the annual audited financial statements for further details.

The outflows of $5,801,907 for the year ended December 31, 2016 consisted of a repayment of $2,150,000 on related party loans and an issuance of funds to PATC for $3,651,907. See Note 6 of the annual audited financial statements for further details.

Cash provided by financing activities
Net cash provided by financing activities was nil for the year ended December 31, 2017 and $3,300,000 for the year ended December 31, 2016.

The inflow for the year ended December 31, 2016 represents a capital infusion received from a founding member to fund the operations of the business.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

The Company issued a line of credit agreement (“LOC”) with PATC, which has a common ownership interest with PATCC, for $4,650,000. This agreement was effective on August 1, 2016 and runs through July 1, 2022 with an interest rate of 15%. This LOC was repaid during 2017.

The Company also issued a term loan with Prime Consulting Group ("PCG"), which has a common ownership interest with PATCC, for $3,000,000 on January 20, 2015. The outstanding balance of $150,000 as of December 31, 2016 was repaid during 2017.

As described in Note 1 of the annual audited financial statements, the Company provides management and consulting services to PATC. Per the terms of the agreement, the Company provides support services and consulting expertise. As part of the terms and conditions of the agreement, PATC makes royalty payments to PATCC based on a percentage of net sales of products. PATCC only recognizes the revenue to the extent collectible as noted in our significant accounting policy.

Either party can opt out of the arrangement subject to the terms of the consulting agreement.

7. PROPOSED TRANSACTIONS

Subsequent event
In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, acquired all remaining non-controlling interests in Prime Alternative Treatment Center Consulting, LLC. Total consideration for this transaction was approximately $16.1M consisting of a promissory note and HSCP membership units.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2017 and, in some cases, have not been applied in preparing these financial statements:

Leases
In January 2016, the IASB issued IFRS 16 Leases (“IFRS 16”). The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the Statement of Operations with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant impact on our financial statements.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk

Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at December 31, 2017 is the carrying amount of cash and promissory note receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at December 31, 2017, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at December 31, 2017, management regards liquidity risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended December 31, 2017.

11. OUTSTANDING SHARE DATA

The Company has three classes of units: Preferred Units, Class A Units, and Class B Units. Each Preferred Unit and Class A Unit entitles the holder to voting rights. Class B Units are non-voting, as defined by the Company's operating agreement. As of December 31, 2017 and 2016, the Company had 263,334 Preferred Units, 660,000 Class A Units, and no Class B Units outstanding.

On January 15, 2016, 163,334 Preferred Units and 290,000 Class A units were issued to various shareholders for proceeds of $3,300,000.

Schedule "V"

PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING'S INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2018 and 2017
(Expressed in US Dollars, unless otherwise stated)
(Unaudited)

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PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2018 AND DECEMBER 31, 2017
(UNAUDITED)

(Expressed in U.S. Dollars)	Note	June 30, 2018	December 31, 2017
ASSETS			
Cash		$ 36,847	$ 40,352
Accrued interest from related party receivable	5	1,376,753	1,014,571
Total current assets		1,413,600	1,054,923
Related party loan receivable - PATC	5	4,869,107	4,869,107
Total non-current assets		4,869,107	4,869,107
TOTAL ASSETS		6,282,707	5,924,030
LIABILITIES AND MEMBERS' EQUITY			
TOTAL LIABILITIES		—	—
Members equity	4	4,712,500	4,712,500
Retained earnings		1,570,207	1,211,530
TOTAL MEMBERS' EQUITY		6,282,707	5,924,030
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 6,282,707	$ 5,924,030

See accompanying notes to the condensed interim financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED)

(U.S. dollars, except unit data)	Note	Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
OPERATING EXPENSES		$ 1,557	$ 884	$ 3,505	$ 1,898
General and administrative		1,557	884	3,505	1,898
Total operating expenses					
Loss from operations		(1,557)	(884)	(3,505)	(1,898)
Other income	5	182,091	180,090	362,182	360,494
Total other income		182,091	180,090	362,182	360,494
Net income and comprehensive income		$ 180,534	$ 179,206	$ 358,677	$ 358,596

See accompanying notes to the condensed interim financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF MEMBERS' EQUITY
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED)

(US dollars, except unit data)	Membership Units	Members Equity	Retained Earnings	Total Members' Equity
December 31, 2016	923,334	$ 4,712,500	$ 493,957	$ 5,206,457
Net income and comprehensive income	—	—	358,596	358,596
June 30, 2017	923,334	4,712,500	852,553	5,565,053
December 31, 2017	923,334	4,712,500	1,211,530	5,924,030
Net income and comprehensive income	—	—	358,677	358,677
June 30, 2018	923,334	$ 4,712,500	$ 1,570,207	$ 6,282,707

See accompanying notes to the condensed interim financial statements

PRIME ALTERNATIVE TREATMENT CENTER CONSULTING, LLC
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED)

(expressed in U.S. dollars)	**June 30, 2018**	**June 30, 2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income and comprehensive income	$ 358,677	$ 358,596
Changes in non-cash working capital items:		
Interest receivable from related party	(362,182)	(385,494)
Net cash (used in) provided by operating activities	**$ (3,505)**	**$ (26,898)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes (issued to) repaid by related party - PCG	—	150,000
Notes (issued to) repaid by related party - PATC	—	(117,000)
Net cash provided by (used in) investing activities	**$ —**	**$ 33,000**
NET INCREASE (DECREASE) IN CASH	(3,505)	6,102
CASH - Beginning of year	40,352	17,408
CASH - End of year	**$ 36,847**	**$ 23,510**

See accompanying notes to the condensed interim financial statements

1. NATURE OF OPERATIONS

Prime Alternative Treatment Center Consulting, LLC ("PATCC" or the "Company") is a for-profit entity formed on January 15, 2015 in the State of New Hampshire that provides financing and consulting services to Prime Alternative Treatment Center, Inc. ("PATC"). PATC is a non-profit entity formed on January 15, 2015 in the State of New Hampshire and is one of four licensed, vertically integrated Alternative Treatment Centers in the state of New Hampshire with a dispensary in Merrimack, New Hampshire and a marijuana cultivation and processing facility in Peterborough, New Hampshire.

2. BASIS OF PREPARATION

Statement of compliance
The policies applied in these condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the period ended June 30, 2018.

These condensed interim financial statements for the three and six months ending June 30, 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements at December 31, 2017. These condensed interim consolidated financial statements were approved and authorized for issue by management on November 2, 2018.

Basis of measurement
These condensed interim financial statements have been prepared on an historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these annual financial statements have been prepared using the accrual basis of accounting.

Basis of financial statements
The condensed interim financial statements and the accompanying notes are expressed in U.S Dollars, which is the Company's functional and presentation currency.

3. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and loan receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. As at June 30, 2018, the Company does not have any financial liabilities and based on the Company's working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

4. MEMBERS' EQUITY

The Company has three classes of units: Preferred Units, Class A Units, and Class B Units. Each Preferred Unit and Class A Unit entitles the holder to voting rights. Class B Units are non-voting, as defined by the Company's operating agreement. As of June 30, 2018 and 2017, the Company had 426,668 Preferred Units, 950,000 Class A Units, and no Class B Units outstanding. No membership units were issued during the period ended June 30, 2018.

5. RELATED PARTY TRANSACTIONS

The Company issued a line of credit agreement ("LOC") with PATC, which has a common ownership interest with PATCC, for $4,650,000. This agreement was effective on August 1, 2016 and runs through July 1, 2022 with an interest rate of 15%. The principal balance is reflected in the "Related party loan receivable - PATC" line item on the Statement of Financial Position. The interest receivable balance is reflected in the "Accrued interest from related party receivable" line item on the Statement of Financial Position. The interest income earned is shown as "Income from investments, net" on the Statement of Operations and Comprehensive income. This LOC was repaid during 2017.

The Company also issued a term loan with Prime Consulting Group ("PCG"), which has a common ownership interest with PATCC, for $3,000,000 on January 20, 2015. The outstanding balance of $150,000 as of December 31, 2016 was repaid during 2017.

As described in Note 1, the Company provides management and consulting services to PATC. Per the terms of the agreement, the Company provides support services and consulting expertise. As part of the terms and conditions of the agreement, PATC makes royalty payments to PATCC based on a percentage of net sales of products. PATCC only recognizes the revenue to the extent collectible as noted in our significant accounting policy. Either party can opt out of the arrangement subject to the terms of the consulting agreement.

6. SUBSEQUENT EVENTS

In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, acquired all remaining non-controlling interests in Prime Alternative Treatment Center Consulting, LLC. All-in consideration for this transaction was approximately $16.1 million.

Schedule "W"

PRIME ALTERNATATIVE TREATMENT CENTER CONSULTING'S MD&A FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(see attached)

1. INTRODUCTION

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Prime Alternative Treatment Center Consulting, LLC (the "**Company**", "**we**", "**our**", "**us**" or "**PATCC**") is for the three and six months ended June 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Companyexpects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of the proposed reverse takeover ("RTO"); expectations for the potential benefits of the RTO; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; potential future legalization of adult-use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Forward-looking statements are provided and made as of the date of this MD&A and the Company has no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The MD&A was prepared by management of the Company and approved by the Board of Directors on November 2, 2018.

2. OVERVIEW OF THE COMPANY

Prime Alternative Treatment Center Consulting, LLC is a for-profit entity formed on January 15, 2015 in the State of New Hampshire that provides financing and consulting services to Prime Alternative Treatment Center, Inc. ("PATC"). PATC is a non-profit entity formed on January 15, 2015 in the State of New Hampshire and is one of four licensed, vertically integrated Alternative Treatment Centers in the state of New Hampshire with a dispensary in Merrimack, New Hampshire and a marijuana cultivation and processing facility in Peterborough, New Hampshire.

Highlights from the three and six months ended June 30, 2018

Operations have been consistent year-over-year with PATCC. The business is relatively nascent as 2016 was the first full year of operations. The non-profit continues to see increased sales, which will eventually be reflected in PATCC through the terms of the consulting agreement.

Operational and Regulation Overview

New Hampshire's Therapeutic Cannabis Program was enacted on July 23, 2013, allowing New Hampshire residents with qualifying medical conditions to use cannabis for medical purposes. Among the 18 original qualifying medical conditions were cancer, HIV/AIDS, ALS and Crohn's disease, with post-traumatic stress disorder and other medical conditions added later. The first New Hampshire dispensary began serving patients on April 30, 2016. On July 18, 2017, a bill was passed reducing penalties for non-registered and non-medicinal possession of three-quarters of an ounce or less of cannabis from a criminal misdemeanor to a civil violation punishable only by a fine.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Total operating expenses	$ (1,557)	$ (884)	$ (673)	(76)%	$ (3,505)	$ (1,898)	$ (1,607)	(85)%
Total other income	182,091	180,090	2,001	1	362,182	360,494	1,688	— %
Net income	$ 180,534	$ 179,206	$ 1,328	1%	$ 358,677	$ 358,596	$ 81	— %

			Change	
	June 30, 2018	December 31, 2017	$	%
Total assets	$ 6,282,707	$ 5,924,030	$ 358,677	6%

Results of operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017

Total operating expenses

Total operating expenses consist primarily of professional service costs including legal and accounting. We expect to continue to invest considerably in this area to support the increasing complexity of the cannabis business.

Total operating expenses increased $673, or 76%, to $1,557 and $1,607, or 85%, to $3,505 for the three and six months ended June 30, 2018 and 2017, respectively. This was driven by increased general and administrative expenses, specifically in legal and professional fees.

Total other income

Total other income increased $2,001, or 1%, to $182,091 and $1,688 to $362,182 for the three and six months ended June 30, 2018 and 2017, respectively. This is consistent year-over-year as we would expect given the only balance within other income is interest income on an outstanding loan receivable.

Net income

Net income increased $1,328, or 1%, to $180,534 and $81 to $358,677 for the three and six months ended June 30, 2018 and 2017, respectively. The increase in net income was driven by the factors described above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary need for liquidity is to fund the working capital requirements of our business and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. To date, we have used private financing as a source of liquidity for general corporate purposes. Our ability to fund our operations depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	For the six months ended June 30,		Change
	2018	2017	$
Net cash used in operating activities	$ (3,505)	$ (26,898)	$ 23,393
Net cash provided by investing activities	—	33,000	(33,000)
Change in cash	$ (3,505)	$ 6,102	$ (9,607)

As at June 30, 2018, we had $36,847 of cash and $1,413,600 of working capital surplus (current assets minus current liabilities), compared with $23,510 of cash and $695,946 of working capital surplus as at June 30, 2017.

We expect that our cash on hand and cash flows from operations will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash used in operating activities
Net cash used in operating activities was $3,505 for the six months ended June 30, 2018, an increase of $23,393 compared to the six months ended June 30, 2017. The increase was primarily due to the lower interest receivable balance as of June 30, 2018. This is consistent with what management would expect per the terms of the loan agreement.

Cash provided by investing activities
Net cash provided by investing activities was nil for the six months ended June 30, 2018, compared to cash used in investing activities of $33,000 for the six months ended June 30, 2017.

The inflows of $33,000 for the year ended six months ended June 30, 2017 consisted of $150,000 of funds received from a related party entity. This amount was partially offset by issuing funds to PATC for $117,000. See Note 5 of the condensed interim financial statements for further details.

5. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

The Company issued a line of credit agreement ("LOC") with PATC, which has a common ownership interest with PATCC, for $4,650,000. This agreement was effective on August 1, 2016 and runs through July 1, 2022 with an interest rate of 15%. This LOC was repaid during 2017.

The Company also issued a term loan with Prime Consulting Group ("PCG"), which has a common ownership interest with PATCC, for $3,000,000 on January 20, 2015. The outstanding balance of $150,000 as of December 31, 2016 was repaid during 2017.

As described in Note 1 of the condensed interim financial statements, the Company provides management and consulting services to PATC. Per the terms of the agreement, the Company provides support services and consulting expertise. As part of the terms and conditions of the agreement, PATC makes royalty payments to PATCC based on a percentage of net sales of products. PATCC only recognizes the revenue to the extent collectible as noted in our significant accounting policy.

Either party can opt out of the arrangement subject to the terms of the consulting agreement.

7. PROPOSED TRANSACTIONS

Subsequent event
In July 2018, High Street Capital Partners, LLC ("HSCP"), a US-based actively managed cannabis corporation, acquired all remaining non-controlling interests in Prime Alternative Treatment Center Consulting, LLC. Total consideration for this transaction was approximately $16.1M consisting of a promissory note and HSCP membership units.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The estimates and judgements that were used in the preparation of these financial statements include revenue recognition, the collectibility of the loan receivable, and assessing the Company's ability to continue as a going concern.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

There have been no changes in, or adoption of, accounting principles since our annual audited financial statements. Refer therein for details.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and risks to which it is exposed and assess the impact and likelihood of those risks.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure at June 30, 2018 is the carrying amount of cash and loan receivable. The Company does not have significant credit risk with respect to customers. The Company's cash is placed with a major United States financial institution. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. As at June 30, 2018, the Company does not have any financial liabilities and based on the Company’s working capital position at June 30, 2018, management regards liquidity risk to be low.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loan is at a fixed interest rate. Therefore, the Company considers interest rate risk to be immaterial.

Capital risk management

The Company considers its capital structure to include contributed capital, distributions, and accumulated surplus. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the period ended June 30, 2018.

11. OUTSTANDING SHARE DATA

The Company has three classes of units: Preferred Units, Class A Units, and Class B Units. Each Preferred Unit and Class A Unit entitles the holder to voting rights. Class B Units are non-voting, as defined by the Company's operating agreement. As of June 30, 2018 and 2017, the Company had 426,668 Preferred Units, 950,000 Class A Units, and no Class B Units outstanding. No membership units were issued during the period ended June 30, 2018.

Exhibit 99.48

Acreage Holdings Acquires Blue Tire Holdings To Bring Safe, Predictable Cannabis, Products to Michigan

NEW YORK – Nov. 26, 2018 – Acreage Holdings, Inc. ("Acreage") (CSE: ACRG.U) announced it has entered into an agreement to acquire the real estate assets of Michigan-based Blue Tire Holdings, LLC ("Blue Tire") to bring cannabis products to Michigan residents throughout the state. Leading development efforts in the state will be a team of Acreage Holdings and Blue Tire experts, including Blue Tire's Chief Medical Officer, Dr. Saqib Nakadar, who was recently appointed to the Michigan Medical Marijuana Advisory Panel. Dr. Nakadar brings unparalleled medical cannabis experience and regulatory access to the venture for the state of Michigan.

Blue Tire spent the past several years acquiring a portfolio of real estate assets which, now through the expertise and financial resources of Acreage, are optimally suited to building a large scale vertical operation in Michigan, one of the highest per capita cannabis-use markets in the United States. Blue Tire and Acreage will work together to acquire licenses to operate in the cannabis business in Michigan with respect to such properties. Acreage will invest significant financial capital in Michigan to build out existing operations and hopes to acquire additional dispensary operations over the next few years.

The venture is already well positioned to start dispensary operations with municipal licenses in key cities throughout the state including; Detroit, Bay City, Battle Creek, Lansing, and Ann Arbor. Real estate assets have been secured in strategic locations, including a 55,000 square foot facility in Flint that will serve as a large-scale mixed use indoor facility to cultivate high-end cannabis, provide manufacturing and packaging services, and serve as a flagship retail location. Acreage will also leverage an additional 30 acre property in Vassar with a licensed greenhouse cultivation and processing facility.

Acreage also brings to Michigan a deep team of experts from leading companies in retail, spirits and other highly regulated industries. Acreage's Board of Directors has unparalleled levels of political access and corporate governance with members including former Speaker of the House of Representatives John Boehner, former Prime Minister of Canada Brian Mulroney, former Governor of Massachusetts Bill Weld, former tw telecom (formerly Time Warner Telecom) Chairman and Chief Executive Officer Larissa Herda, former IBM Chief Financial Officer Douglas Maine and Chair Blue Cross and Blue Shield of Massachusetts, Inc., Bill Van Faasen.

ABOUT ACREAGE HOLDINGS

Headquartered in New York City, Acreage Holdings is the largest vertically integrated, multi- state owner of cannabis licenses and assets in U.S. states with respect to number of states with

operating licenses. Acreage has operating licenses in 18 states with an aggregate population of more than 165 million Americans and an estimated 2022 total addressable market of $12 billion in legal cannabis sales, according to Arcview Market Research. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

Forward Looking Statements

This news release contains “forward-looking information” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects the current beliefs of Acreage and is based on information currently available to Acreage and on assumptions that Acreage believes are reasonable. These assumptions include, but are not limited to, the anticipated trading date of the Subordinate

Voting Shares. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Acreage to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting Acreage; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labor or loss of key individuals and the other factors identified in Acreage's Listing Statement. Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Acreage as of the date of this news release and, accordingly, is subject to change after such date. However, Acreage expressly disclaims any intention or

obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

# # #

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(High Street Capital Partners, LLC d/b/a Acreage Holdings)

CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the Three and Nine Months Ended September 30, 2018 and 2017
(In United States Dollars)

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High Street Capital Partners, LLC d/b/a
ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in $000's USD)	Note	(Unaudited) September 30, 2018	December 31, 2017
ASSETS			
Cash		$ 74,072	$ 16,231
Restricted cash	3	95	269
Inventory	9	5,865	463
Biological assets	9	3,390	—
Other current assets		1,792	515
Total current assets		85,214	17,478
Investments	6	15,403	33,748
Promissory notes receivable	7	19,651	6,987
Capital assets, net	8	30,972	11,039
Intangible assets, net	5	159,181	800
Goodwill	5	2,379	2,191
Deferred acquisition costs		100	—
Other non-current assets		659	766
Total non-current assets		228,345	55,531
TOTAL ASSETS		$ 313,559	$ 73,009
LIABILITIES AND MEMBERS' EQUITY			
Accounts payable and accrued liabilities		$ 4,447	$ 7,802
Taxes payable	14	212	1,114
Interest payable	10	729	143
Current portion of debt	10	57,804	20
Other current liabilities	4	6,687	917
Total current liabilities		69,879	9,996
Debt	10	496	27,598
Derivative liabilities	10	2,000	2,897
Other liabilities		118	1,975
Total non-current liabilities		2,614	32,470
TOTAL LIABILITIES		72,493	42,466
Members' equity	11	223,175	20,133
Non-controlling interests	11	17,891	10,410
TOTAL MEMBERS' EQUITY		241,066	30,543
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 313,559	$ 73,009

Approved on behalf of the Board on November 29, 2018:

"Kevin Murphy"
Chief Executive Officer

"Glen Leibowitz"
Chief Financial Officer

See accompanying notes to consolidated financial statements

High Street Capital Partners, LLC d/b/a
ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
(Expressed in $000's USD)	Note	2018	2017	2018	2017
Revenues, net		$ 5,504	$ 2,117	$ 10,652	$ 5,560
Cost of goods sold		(3,630)	(1,258)	(6,858)	(3,408)
Gross profit, excluding fair value items		1,874	859	3,794	2,152
Realized fair value amounts included in inventory sold		(400)	—	(400)	—
Unrealized fair value gain on growth of biological assets		2,118	—	3,097	—
Gross profit		3,592	859	6,491	2,152
OPERATING EXPENSES					
General and administrative		8,813	580	13,210	3,044
Compensation expense		5,155	550	10,210	1,580
Marketing		428	27	1,049	132
Depreciation and amortization	5, 8, 9	1,569	2	1,844	5
Total operating expenses		15,965	1,159	26,313	4,761
Net operating loss		$ (12,373)	$ (300)	$ (19,822)	$ (2,609)
Income from investments, net	6	3,249	42	23,119	359
Interest income	7	369	65	504	253
Interest expense	10	(2,070)	(343)	(5,238)	(399)
Change in fair market value of derivative liabilities	10	6,873	—	897	—
Other income (loss), net		145	18	(862)	82
Total other income (loss)		8,566	(218)	18,420	295
Net loss before income taxes		$ (3,807)	$ (518)	$ (1,402)	$ (2,314)
Income tax expense	14	(172)	(210)	(655)	(618)
Net loss		$ (3,979)	$ (728)	$ (2,057)	$ (2,932)
Less: net income (loss) attributable to non-controlling interests		530	215	730	(691)
Net loss attributable to members of the parent		$ (4,509)	$ (943)	$ (2,787)	$ (2,241)

See accompanying notes to consolidated financial statements

High Street Capital Partners, LLC d/b/a
ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(Unaudited)

		Attributable to members of the parent						
(Expressed in $000's USD, except unit amounts)	Note	Membership Units	Contributed Capital	Units Reserve	Accumulated Deficit	Members' Equity	Non-controlling interests	Total Members' Equity
December 31, 2016		**40,000,000**	**$ 26,697**	**$ —**	**$ (2,318)**	**$ 24,379**	**$ 4,562**	**$ 28,941**
Issuance of Class C units for in-kind contributions		6,000,000	630	—	—	630	—	630
Interest expense settled with PIK Class A units	10	—	—	275	—	275	—	275
Capital contributions, net		—	—	—	—	—	3,665	3,665
Net loss		—	—	—	(2,241)	(2,241)	(691)	(2,932)
September 30, 2017		**46,000,000**	**$ 27,327**	**$ 275**	**$ (4,559)**	**$ 23,043**	**$ 7,536**	**$ 30,579**
Issuance of Class C profits interests		3,250,000	1,522	—	—	1,522	—	1,522
PIK units issued from reserve		56,919	275	(275)	—	—	—	—
Interest expense settled with PIK Class A units		43,410	210	120	—	330	—	330
Capital contributions, net		—	—	—	—	—	2,796	2,796
Net income (loss)		—	—	—	(4,762)	(4,762)	78	(4,684)
December 31, 2017		**49,350,329**	**$ 29,334**	**$ 120**	**$ (9,321)**	**$ 20,133**	**$ 10,410**	**$ 30,543**
Issuance of Class D units for in-kind contributions	11	15,954,551	98,918	—	—	98,918	—	98,918
Issuance of Class E units, net	11	19,352,143	116,124	—	—	116,124	—	116,124
Equity-based compensation expense	11	—	—	1,038	—	1,038	—	1,038
Class C profits interests vested	11	1,611,875	690	(690)	—	—	—	—
PIK units issued from reserve		24,772	120	(120)	—	—	—	—
Interest expense settled with PIK Class A units	10	201,295	973	622	—	1,595	—	1,595
Capital contributions, net		—	—	—	—	—	2,767	2,767
Increase in non-controlling interests from business acquisitions	4	—	—	—	—	—	7,241	7,241
Purchase of non-controlling interests	11	—	(11,846)	—	—	(11,846)	(3,257)	(15,103)
Net income (loss)		—	—	—	(2,787)	(2,787)	730	(2,057)
September 30, 2018		**86,494,965**	**$ 234,313**	**$ 970**	**$ (12,108)**	**$ 223,175**	**$ 17,891**	**$ 241,066**

See accompanying notes to consolidated financial statements

High Street Capital Partners, LLC d/b/a
ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
(Expressed in $000's USD)	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,057)	$ (2,932)
Adjustments for:		
Depreciation and amortization	1,844	5
Equity-settled expenses, including compensation	8,357	—
Change in fair market value of derivative liabilities	(897)	—
Change in fair market value of biological assets	(3,097)	—
Gain on sale of investment	(2,628)	—
Non-cash interest expense	3,890	275
Non-cash income from investments,net	(20,000)	(209)
Non-cash miscellaneous income	(40)	—
Non-cash expense from lost deposits	575	—
Collection of interest	222	44
Change, net of acquisitions in:		
Inventory	(340)	(129)
Biological assets	(1,286)	—
Other assets	(1,559)	(121)
Interest receivable	(504)	(253)
Accounts payable and accrued liabilities	(6,134)	269
Taxes payable	(902)	618
Interest payable	586	108
Other liabilities	(1,262)	14
Net cash used in operating activities	$ (25,232)	$ (2,311)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of capital assets	$ (7,868)	$ (2,162)
Investments in promissory notes receivable	(7,945)	(1,354)
Collection of promissory notes receivable	2,358	—
Cash paid for investments	(2,471)	(9,714)
Proceeds from sale of investment	9,634	—
Business acquisitions, net of cash acquired	(18,172)	—
Purchases of intangible assets	(5,911)	—
Deferred acquisition costs	(675)	—
Distributions from investments	141	277
Cash transferred from escrow	174	—
Net cash used in investing activities	$ (30,735)	$ (12,953)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of membership units, net	$ 116,155	$ —
Proceeds from convertible note, net of deferred costs	—	22,770
Purchase of non-controlling interest	(2,268)	—
Repayment of loan	(2,846)	(14)
Capital contributions - non-controlling interests, net	2,767	3,665
Net cash provided by financing activities	$ 113,808	26,421
Net increase in cash	$ 57,841	$ 11,157
Cash - Beginning of period	16,231	5,296
Cash - End of period	$ 74,072	$ 16,453

See accompanying notes to consolidated financial statements

High Street Capital Partners, LLC d/b/a
ACREAGE HOLDINGS
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Interest paid	$	762	$	16
Income taxes paid		1,590		—
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Capital assets not yet paid for	$	56	$	28
Receipt of capital assets previously paid for		246		—
Settlement of prior liability with issuance of Class D units		602		—

See accompanying notes to consolidated financial statements

1. NATURE OF OPERATIONS

High Street Capital Partners, LLC, doing business as Acreage Holdings (the "Company" or "Acreage") was formed on April 29, 2014 and is a Delaware limited liability company. The Company offers financial and operational support to its subsidiaries and investees. As at September 30, 2018, the Company held investments in cultivation facilities, dispensaries and other cannabis related companies across 15 states.

The Company's corporate office and principal place of business is located at 366 Madison Avenue, New York, New York, in the United States of America. Directors and officers of the Company control 30% and 49% of the voting units of the Company as at September 30, 2018 and December 31, 2017, respectively.

The Company is managed by High Street Capital Partners Management, LLC ("HSCPM"). As the sole manager, HSCPM has the authority to make key decisions on behalf of the Company. HSCPM also incurs certain operating expenses on behalf of Acreage, such as rent and payroll, for which it is reimbursed in accordance with the management agreement. The entity is 100% owned by the founding members of Acreage.

2. BASIS OF PREPARATION

Statement of compliance
The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee. These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 29, 2018.

Basis of measurement
These unaudited condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value and investments recorded using the equity method of accounting.

Functional and presentation currency
The unaudited condensed interim consolidated financial statements and the accompanying notes are expressed in United States ("U.S.") Dollars.

Basis of consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and expose itself to the variable returns from the entity's activities. The unaudited condensed interim consolidated financial statements include the results of subsidiaries' operations from the date that control commences until the date that control ceases.

The Company's significant consolidated subsidiaries and ownership interests are as follows:

Business Name	Entity Type	State	September 30, 2018 Ownership %	December 31, 2017 Ownership %
Cannabliss:				
22nd & Burn, Inc	Dispensary	OR	100%	70%
East 11th, Inc	Dispensary	OR	100%	65%
The Firestation 23, Inc	Dispensary	OR	100%	65%
HSCP Oregon, LLC ("HSCP Oregon")	Dispensary/ Cultivation	OR	100%	49%
HSC Solutions, LLC	Investment company	NY	100%	100%
NYCANNA, LLC ("NYCANNA")	Dispensary/ Cultivation	NY	100%	20%
MA RMD SVCS, LLC ("MA RMDS")	Management company	MA	100%	51%
D&B Wellness, LLC ("D&B")	Dispensary	CT	100%	— %
Prime Wellness of Connecticut ("PWCT")	Dispensary	CT	100%	18%
Prime Wellness Center, Inc. ("PWC")	Dispensary/ Cultivation	MA	100%	— %
Prime Alternative Treatment Care Consulting, LLC ("PATCC")	Management company	NH	100%	12%
Maryland Medicinal Research & Caring, LLC ("MMRC")	Dispensary	MD	100%	80%
The Wellness & Pain Management Connection LLC ("WPMC")	Management company	ME	87%	39%
Prime Wellness of Pennsylvania, LLC ("PWPA")	Cultivation	PA	50%	50%
Florida Wellness, LLC ("FLW")	Investment company	FL	44%	44%
Impire State Holdings, LLC ("Impire") (1)	Investment company	NY	-%	80%

(1) Upon acquisition of NYCANNA, the Company's investment in Impire was eliminated.

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated. Unrealized losses are eliminated to the extent of the gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests

Non-controlling interests are shown as a component of total members' equity in the unaudited Condensed Interim Consolidated Statements of Financial Position, and the share of income (loss) attributable to non-controlling interests is shown as a component of net income (loss) in the unaudited Condensed Interim Consolidated Statements of Operations.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared following substantially the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2017, except as noted below.

The Company implemented the following additional policies beginning January 1, 2018:

Restricted cash
Restricted cash represents funds contractually held for specific purposes and, as such, not available for general corporate purposes.

Revenue recognition
The IASB's new revenue recognition standard IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was adopted by the Company on January 1, 2018. The new standard replaces IAS 18 - Revenue, and provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adoption. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the good to the customer. Revenue from management contracts is recognized over time as the management services are provided.

Biological assets and inventory
In accordance with IAS 41 - Agriculture, the Company's biological assets are measured at fair value less costs to sell up to the point of harvest. The Company capitalizes all direct and indirect costs as they are incurred, which include the direct costs of seeds and growing materials and indirect costs such as utilities and allocated labor, depreciation and overhead costs. These costs are subsequently classified within Cost of goods sold in the unaudited Condensed Interim Consolidated Statements of Operations in the period in which the related product is sold. The unrealized fair value adjustments on growth of biological assets are recorded in a separate line in the unaudited Condensed Interim Consolidated Statements of Operations.

The Company's inventories initially include the fair value of the biological assets at the time of harvest. They also include subsequent costs to prepare the product for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and allocated labor. All direct and indirect costs related to inventory are capitalized when they are incurred, and they are subsequently classified within Cost of goods sold in the unaudited Condensed Interim Consolidated Statements of Operations, except for the realized fair value amounts included in inventory sold which are recorded on a separate line item. Inventory is valued at the lower of cost and net realizable value.

4. ACQUISITIONS

During the nine months ended September 30, 2018, the Company made the following acquisitions, and has allocated each purchase price as follows:

Purchase Price Allocation	D&B [1]	WPMC [2]	PATCC [3]	PWC [4]	NYCANNA [5]	PWCT [6]
Assets acquired:						
Cash and cash equivalents	$ 308	$ 62	$ 37	$ 19	$ 453	$ 657
Inventory	120	—	—	—	2,356	205
Biological assets	—	—	—	—	1,029	—
Other current assets	—	—	—	—	67	1
Promissory notes receivable	—	814	6,181	—	—	—
Capital assets, net	46	—	—	5,614	5,996	702
Goodwill	—	—	—	—	—	188
Intangible assets, net	14,403	42,786	12,036	17,833	41,426	10,728
Other non-current assets	5	—	—	123	69	7
Liabilities assumed:						
Accounts payable and accrued Liabilities	(382)	(41)	—	(872)	(1,153)	(275)
Other liabilities	—	—	—	—	(49)	—
Fair value of net assets acquired	**$ 14,500**	**$ 43,621**	**$ 18,254**	**$ 22,717**	**$ 50,194**	**$ 12,213**
Consideration paid:						
Cash	250	8,168	—	750	13,833	2,475
Class D units	3,100	11,200	14,964	21,046	21,575	7,122
Seller's notes	11,150	—	1,118	921	2,238	479
FMV of previously held interest	—	17,012	2,172	—	12,548	2,137
FMV of non-controlling interest	—	7,241	—	—	—	—
Total consideration	**$ 14,500**	**$ 43,621**	**$ 18,254**	**$ 22,717**	**$ 50,194**	**$ 12,213**

The consideration has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The purchases have been accounted for by the acquisition method, with the results included in the Company's net earnings from the date of acquisition. The fair value of the assets acquired and the liabilities assumed have been determined on a provisional basis utilizing information available at the time of the acquisition. Additional information is being gathered to finalize these provisional measurements, particularly with respect to intangible assets, working capital, and deferred income taxes. Accordingly, the measurement of assets acquired and liabilities assumed may change upon finalization of the Company's valuation and completion of the purchase price allocation, both of which are expected to occur no later than one year from the acquisition date.

(1) In May 2018, the Company acquired all interests in license holder D&B.

(2) In May 2018, the Company obtained a management contract with a useful life of 18 years by acquiring a controlling interest in WPMC. As a result of this acquisition, the previously held interest in WPMC was re-measured from $6,230 to $17,012, resulting in a gain of $10,782, which was recorded in *Income from investments, net* in the unaudited Condensed Interim Consolidated Statements of Operations in the nine months ended September 30, 2018.

(3) In July 2018, the Company obtained a management contract with a useful life of 10 years by acquiring the remaining 88% ownership interest in PATCC. As a result of this acquisition, the previously held interest in PATCC was re-measured from $63 to $2,172, resulting in a gain of $2,109, which was recorded in *Income from investments, net* in the unaudited Condensed Interim Consolidated Statements of Operations in the three and nine months ended September 30, 2018.

(4) In August 2018, the Company acquired the all interests in license holder PWC, which was formerly managed by Prime Consulting Group, LLC ("PCG"), a management company in which the Company owned a 20% equity interest.

(5) In August 2018, the Company acquired all remaining interests in NYCANNA. As a result of this acquisition, the previously held interest in NYCANNA was re-measured from $12,501 to $12,548, resulting in a gain of $47, which was recorded in *Income from investments, net* in the unaudited Condensed Interim Consolidated Statements of Operations in the three and nine months ended September 30, 2018. $8,921 of deferred acquisition costs as at June 30, 2018 were used towards this acquisition. $5,768 of cash consideration was classified as *Other current liabilities in the unaudited* Condensed Interim Consolidated Statements of Financial Position as at September 30, 2018 and was subsequently paid in October.

(6) In September 2018, the Company acquired all remaining interests in PWCT. As a result of this acquisition, the previously held interest in PWCT was re-measured from $1,750 to $2,137, resulting in a gain of $387, which was recorded in *Income from investments, net* in the unaudited Condensed Interim Consolidated Statements of Operations in the three and nine months ended September 30, 2018. $2,475 of deferred acquisition costs as at June 30, 2018 were used towards this acquisition.

Selected line items from the Company's unaudited Condensed Interim Consolidated Statement of Operations for the nine months ended September 30, 2018, adjusted as if the acquisitions of D&B and PWCT (deemed to be the only material acquisitions in the period) had occurred on January 1, 2018, are presented below:

	Revenues, net	Gross profit	Net operating income (loss)	Net income (loss)
Consolidated results	$ 10,652	$ 6,491	$ (19,822)	$ (2,057)
D&B/PWCT pro-forma adjustments	11,077	4,661	2,685	2,502
Pro-forma results	$ 21,729	$ 11,152	$ (17,137)	$ 445
D&B/PWCT included in consolidated results	3,281	1,289	883	838

5. INTANGIBLE ASSETS AND GOODWILL

A reconciliation of the beginning and ending balances of goodwill and intangible assets is as follows:

	Licenses	Management Contracts	Accumulated Amortization	Total Intangible Assets	Goodwill
December 31, 2017	**$ 800**	**$ —**	**$ —**	**$ 800**	**$ 2,191**
SSBP [2]	—	4,277	(61)	4,216	—
D&B [1]	14,403	—	—	14,403	—
WPMC [1]	—	42,786	(786)	42,000	—
PATCC [1]	—	12,036	(390)	11,646	—
PWC [1]	17,833	—	—	17,833	—
Greenleaf [3]	—	16,500	(371)	16,129	—
NYCANNA [1]	41,426	—	—	41,426	—
PWCT [1]	10,728	—	—	10,728	188
September 30, 2018	**$ 85,190**	**$ 75,599**	**$ (1,608)**	**$ 159,181**	**$ 2,379**

(1) The Company obtained several intangible assets in connection with various business acquisitions. Refer to Note 4 for further details.

(2) In May 2018, the Company purchased a management contract with a useful life of 20 years through acquisition of South Shore BioPharma, LLC ("SSBP"), a management company located in Massachusetts, for a total consideration of $4,277, which included: (i) $416 in cash, (ii) $2,056 in seller's notes and (iii) $1,805 in Class D membership units. The Company determined the purchase did not qualify as a business combination as SSBP was not operational at the time of purchase.

(3) The Company entered into management contracts with Greenleaf Apothecaries, LLC to operate five dispensaries and Greenleaf Therapeutics, LLC to operate a processing facility (together "Greenleaf") in July and August of 2018, respectively. The useful lives of the management contracts are 10 years. The Company paid total consideration of $16,500, which included: (i) $5,495 in cash, (ii) $5,494 in Class D units and (iii) $5,511 in seller's notes. As part of this arrangement, the Company also issued a $16,000 secured line of credit for use in the build-out of the managed facilities (refer to Note 7 for further details).

6. INVESTMENTS

The carrying values of the Company's investments in the unaudited Condensed Interim Consolidated Statements of Financial Position as at September 30, 2018 and December 31, 2017 are as follows:

	September 30, 2018	December 31, 2017
Investments in private entities	$ 11,118	$ 18,473
Investments in associates	4,285	8,269
Investments held for sale	—	7,006
Total	$ 15,403	$ 33,748

Income from investments, net in the unaudited Condensed Interim Consolidated Statements of Operations for the three and nine months ended September 30, 2018 and 2017 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Investments in private entities	$ 1,179	$ —	$ 7,532	150
Investments in associates	2,070	42	12,959	209
Gain on investments held for sale	—	—	2,628	$ —
Total	$ 3,249	$ 42	$ 23,119	$ 359

Investments in private entities
The Company's investments in private entities as at September 30, 2018 and December 31, 2017 are as follows:

			Carrying Value		Ownership Interests	
Entity Name	Entity Type	State	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
San Felasco Nurseries, LLC ("SFN") (1)	Dispensary/ Cultivation	FL	$ 6,803	$ 6,714	7%	7%
PWCT (2)	Dispensary	CT	—	1,750	100%	18%
Dixie Brands, Inc. (3)	Consumer products	CO	3,763	3,050	3%	7%
NYCANNA (4)	Dispensary/ Cultivation	NY	—	6,407	100%	20%
Kalyx Development, Inc. (5)	Real estate development	NY	552	552	9%	14%
			$ 11,118	**$ 18,473**		

Investments in private entities are measured at FVTPL and are classified as Level 3 in the fair value hierarchy. The following factors were considered in the fair value assessment as at the end of each reporting period:

(1) The Company reviewed comparable market transactions and determined no material changes to the investment's fair value was necessary. The increase in carrying value from December 31, 2017 to September 30, 2018 was attributable to additional capital contributions made to SFN during the year. FLW, a consolidated subsidiary of the Company, owns 15% of SFN.

(2) The Company acquired 100% of PWCT during the three months ended September 30, 2018 and recognized a gain on the previously-held interest. Refer to Note 4 for additional information. In the nine months ended September 30, 2018 prior to the acquisition, the Company reviewed investment-specific financial information provided by the investee as well as comparable market transactions and determined no material change to the investment's fair value was necessary.

(3) During the three months ended September 30, 2018, Dixie issued additional equity at $9.30 per unit and the Company exercised an option to convert an outstanding promissory note receivable of $200 into additional equity. The Company did not participate in this equity issuance, which diluted our ownership percentage. The Company adjusted its previously-held interest based on the valuation of the current equity issuance price, recognizing a gain of $513 in *Income from investments, net* in the unaudited Condensed Interim Consolidated Statements of Operations in the three and nine months ended September 30, 2018.

(4) The Company acquired 100% of NYCANNA during the three months ended September 30, 2018 and recognized a gain on the previously-held interest. Refer to Note 4 for further information. During the nine months ended September 30, 2018 prior to the acquisition, the Company reviewed comparable market transactions and recorded a gain of $6,095 in *Income (loss) from investments, net* in the unaudited Condensed Interim Consolidated Statements of Operations.

This investment represented the Company's indirect interest in NYCANNA, a medical cannabis license holder in the State of New York formed on November 1, 2016. The Company has a 100% and 80% ownership interest in Impire as at September 30, 2018 and December 31, 2017, respectively. Prior to the Company's acquisition of NYCANNA, Impire had a 50% ownership interest in NY Medicinal Research & Caring, LLC, which in turn had a 50% ownership interest in NYCANNA. While as a result of this structure, Acreage indirectly had a 20% ownership interest in NYCANNA as at December 31, 2017, the Company could not exercise significant influence over NYCANNA because it did not control that ownership interest.

(5) The Company reviewed investment-specific financial information provided by the investee as well as comparable market transactions and determined no material change to the investment's fair value was necessary.

Investments in associates

The Company's investments in associates as at September 30, 2018 and December 31, 2017, are as follows:

			Carrying Value		Ownership Interests	
Entity Name	**Entity Type**	**State**	**September 30, 2018**	**December 31, 2017**	**September 30, 2018**	**December 31, 2017**
WPMC (1)	Management company	ME	$ —	$ 6,230	87%	39%
NCC, LLC ("NCC")	Dispensary	IL	927	961	30%	30%
HSRC NorCal, LLC	Management company	CA	3,358	976	45%	45%
PCG (2)	Management company	MA	—	40	—%	20%
PATCC	Management company	NH	—	62	100%	12%
			$ 4,285	**$ 8,269**		

(1) The Company re-measured its previously held interest in WPMC in connection with acquiring a controlling interest and recorded a gain of $10,782 in *Income (loss) from investments, net* in the unaudited Condensed Interim Consolidated Statements of Operations in the nine months ended September 30, 2018. Refer to Note 4 for further information.

(2) Upon acquisition of PWC, the Company's investment in PCG was written off as impaired in *Income from investments, net* in the unaudited Condensed Interim Consolidated Statements of Operations in the three and nine months ended September 30, 2018.

Investments held for sale

In the fourth quarter of 2017, the Company initiated a plan to sell its equity interest in Compass Ventures, Inc., Greenhouse Compass, LLC, HSGH Properties, LLC and HSGH Properties Union, LLC (together, "Compass"). The entities hold licenses to operate multiple dispensaries and a cultivation facility in the state of Illinois. As at December 31, 2017, the Company owned approximately 47.5% of Compass, with carrying value of $7,006. The Company sold the Compass equity interest for cash proceeds of $9,634 in May 2018, recognizing a $2,628 gain on the sale.

7. PROMISSORY NOTES RECEIVABLE

	Principal					
	TGS [(i)]	SFN [(ii)]	Lines of Credit [(iii)]	Other Notes Receivable [(iv)]	Interest Receivable	Total
December 31, 2016	**1,800**	**—**	**—**	**828**	**153**	**2,781**
Principal additions	—	1,100	—	254	—	1,354
Interest earned	—	—	—	—	253	253
Payments	—	—	—	—	(44)	(44)
September 30, 2017	**1,800**	**1,100**	**—**	**1,082**	**362**	**4,344**
Principal additions	—	2,000	220	249	—	2,469
Equity investment converted to note	—	—	—	125	—	125
Interest earned	—	—	—	—	77	77
Payments	—	—	—	—	(28)	(28)
December 31, 2017	**$ 1,800**	**$ 3,100**	**$ 220**	**$ 1,456**	**$ 411**	**$ 6,987**
Principal additions	—	—	7,779	166	—	7,945
Note converted to equity investment	—	—	—	(200)	—	(200)
Additions from business acquisition	—	—	4,650	814	1,531	6,995
Interest earned	—	—	—	—	504	504
Payments	(1,800)	—	—	(558)	(222)	(2,580)
September 30, 2018	**$ —**	$ 3,100	$ 12,649	**$ 1,678**	**$ 2,224**	**$ 19,651**

(i) Interest income related to the TGS note totaled $30 for the nine months ended September 30, 2018 and $27 and $81 for the three and nine months ended September 30, 2017, respectively. In April 2018, the entire principal and accrued interest was repaid in the amount of $1,996.

(ii) On March 1, 2017, Acreage issued an unsecured convertible promissory note to SFN for a principal sum of $1,100 via FLW. The note bears interest at a rate of 12% per annum. Interest income on the promissory note totaled $21 for the nine months ended September 30, 2018 and $33 and $77 for the three and nine months ended September 30, 2017, respectively. The note was deemed in default when it matured in March 2018, and as such, no further interest income was recorded past the date of default.

On October 17, 2017, Acreage issued an additional unsecured promissory note to SFN for a principal sum of $2,000. The note bears interest at a rate of 9% per annum compounded annually. Interest began to accrue on the 121st day after the issuance of the note, February 15, 2018. Interest income on the promissory note totaled $7 for the nine months ended September 30, 2018. The note was deemed in default as at March 2018, and as such, no further interest income was recorded past the date of default.

Despite the delays in payment from SFN, the Company deems the credit risk of loss associated with these notes. As such, the Company does not believe either note to be impaired and no liability was recorded. Given comparable industry transactions, the Company believes it will secure payment of the note along with the sale of our interest in SFN.

(iii) The Company provides revolving lines of credit to several of its portfolio companies. The relevant terms and balances are detailed below.

			Balance as at		Interest income for the Three Months Ended September 30,		Interest income for the Nine Months Ended September 30,	
Counterparty	**Maximum Obligation**	**Interest Rate**	**September 30, 2018**	**December 31, 2017**	**2018**	**2017**	**2018**	**2017**
Compassionate Care Foundation, Inc. ("CCF") [a]	$ 12,500	18%	$ 4,250	$ —	$ 117		$ 121	$ —
Prime Alternative Treatment Center, Inc. [b]	4,650	15%	4,650	—	176		176	—
Greenleaf [c]	16,000	4.75% - 5%	2,530	—	12	—	13	—
Health Circle, Inc. [d]	8,000	15%	1,219	220	39	—	92	—
Total			**$ 12,649**	**$ 220**	**$ 344**		**$ 402**	$ —

(a) In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services to CCF for a monthly fee based on product sales. As a result, the existing loan balance converted into the first advance on a revolving credit facility. Upon certain changes in New Jersey state laws, the management agreement would terminate and any outstanding obligations are convertible to an ownership interest of CCF. No contingent assets were recognized as part of this transaction.

(b) Prime Alternative Treatment Center, Inc. is a non-profit license holder in New Hampshire managed by the Company's consolidated subsidiary PATCC.

(c) The Company's management contracts with Greenleaf is convertible to ownership interests upon state approval. No contingent assets were recognized as part of this transaction.

(d) Health Circle, Inc. is a non-profit license holder in Massachusetts managed by the Company's consolidated subsidiary MA RMDS.

(iv) Primarily represents outstanding notes due from entities to which we provide management services as well as related parties. The interest rates on the notes range from 0-20%. Interest income on the notes amounted to $25 and $44 for the three and nine months ended September 30, 2018, respectively, and $5 and $95 for the three and nine months ended September 30, 2017, respectively.

8. CAPITAL ASSETS, NET

As at September 30, 2018 and December 31, 2017 capital assets consist of:

	September 30, 2018	**December 31, 2017**
Land	$ 3,494	$ 610
Building	9,788	484
Construction in progress	2,965	9,764
Furniture, fixtures and equipment	4,660	160
Leasehold improvements	10,717	78
Capital assets, gross	**31,624**	**11,096**
Accumulated depreciation	(652)	(57)
Capital assets, net	**$ 30,972**	**$ 11,039**

A reconciliation of the beginning and ending balances of capital assets is as follows:

	Capital Assets, Gross	Accumulated Depreciation	Capital Assets, Net
December 31, 2016	**$ 679**	**$ (37)**	**$ 642**
Increase from capital expenditures	2,192	—	2,192
Disposals	(3)	—	(3)
Depreciation	—	(5)	(5)
September 30, 2017	**$ 2,868**	**$ (42)**	**$ 2,826**
Increase from capital expenditures	8,228	—	8,228
Depreciation	—	(15)	(15)
December 31, 2017	**$ 11,096**	**$ (57)**	**$ 11,039**
Increase from capital expenditures	8,170	—	8,170
Increase from business acquisitions	12,358	—	12,358
Depreciation [(1)]	—	(595)	(595)
September 30, 2018	**$ 31,624**	**$ (652)**	**$ 30,972**

(1) Depreciation includes $359 that was capitalized to biological assets and inventory.

9. BIOLOGICAL ASSETS AND INVENTORY

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle and the fail rate at each respective stage.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is eighteen weeks from propagation to harvest;
- The average harvest yield of whole flower is 254 grams per plant; and
- The average selling price, which is determined by estimating the wholesale value of cannabis on a state-by-state basis, is $7 per gram.

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's expected wholesale selling price going forward as sales commenced for flower in August 2018.

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As at September 30, 2018, the biological assets were on average, 43% complete, and it is expected that the Company's biological assets will ultimately yield approximately 2,497 lbs of cannabis.

As at September 30, 2018 and December 31, 2017 inventory consists of:

	September 30, 2018	December 31, 2017
Retail inventory	$ 1,021	$ 421
Cultivation inventory	4,387	—
Supplies & other	457	42
Total	**$ 5,865**	**$ 463**

A reconciliation of the beginning and ending balances of biological assets is as follows:

December 31, 2017	**Amount**
December 31, 2017	$ —
Production cost capitalized	1,286
Depreciation cost capitalized	359
Biological assets acquired	1,029
Changes in fair value less costs to sell due to biological transformation	3,097
Transferred to inventory upon harvest	(2,381)
September 30, 2018	**$ 3,390**

10. DEBT

The Company's debt balances consist of the following:

	September 30, 2018	**December 31, 2017**
Senior secured convertible notes	$ 29,382	$ 27,087
Loan payable	517	531
Seller's notes	28,401	—
Total debt	**58,300**	**27,618**
Less: current portion	57,804	20
Total non-current debt	**$ 496**	**$ 27,598**

Senior secured convertible notes

Between June and November of 2017, the Company issued senior secured convertible notes (the "Notes") for a total principal amount of $31,294, net of issuance costs, of which $23,107 were issued as at September 30, 2017. The Notes mature on November 15, 2020. Interest payable on the outstanding principal accrues at a rate of 10% per annum, payable quarterly in cash or additional Class A membership units, at the election of the holders of the Notes.

The Notes are convertible to Class Amembership units at a rate of $4.8341 per unit. The conversion is mandatory upon occurrence of an Initial Public Offering or a comparable public offering event (together "IPO"). Furthermore, the conversion rate is subject to adjustments based on the final price per share at the time of an IPO. In connection with the principal of the Notes, the Company issued warrants to purchase such number of Company's Class A membership units equal to 150% of the Notes for a total of $47 million. The exercise price of the warrants will be determined using the price per unit at the time of an IPO.

The Notes conversion option and warrant are classified as derivative liabilities and recognized at fair value through profit or loss. The fair values of the warrants and the conversion options as at September 30, 2018 and December 31, 2017 of $2,000 and $2,897, respectively, were calculated using a Black-Scholes model with a Monte Carlo simulation, with the following assumptions:

	September 30, 2018	**December 31, 2017**
Risk-free rate	2.39%	1.83%
Expected dividend yield	— %	— %
Expected term (in years) (1)	0.17	1.36
Volatility	90.00%	73.00%

(1) The Company announced on September 21, 2018 that it is planning a reverse takeover and anticipates a public listing. As a result, the expected term of the conversion and warrant options have been updated. The Company recognized a gain of $6,873 in the unaudited Condensed Interim Consolidated Statements of Operations in the three months ended September 30, 2018 as a result of the updated assumption.

The interest expense related to the Notes for the three and nine months ended September 30, 2018 and 2017 consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Cash interest	$ 182	$ 103	$ 780	$ 108
PIK interest	623	234	1,595	275
Accretion [1]	764		2,295	—
Total interest expense	$ 1,569	$ 337	$ 4,670	$ 383

(1) Accretion includes amortization of the discount related to the original issue discount, warrant, conversion option and certain issuance costs allocated to convertible debt.

Loan payable
NCC Real Estate, LLC ("NCC RE"), which is owned by the Company's consolidated subsidiary HSC Solutions, LLC, entered into a $550 secured loan with a financial institution for the purchase of a building in Rolling Meadows, Illinois in December 2016. The building houses operations of NCC. The promissory note payable carries a fixed interest rate of 3.7%. Interest expense related to loan payable for the three and nine months ended September 30, 2018 and 2017 totaled $6 and $16, respectively, in both years.

Seller's notes
The Company issued Seller's notes payable in connection with several transactions. Refer to Note 4, Note 5 and Note 11 for further detail.

	Nine Months Ended September 30, 2018
Beginning balance	$ —
Principal additions	31,233
Interest expense	552
Principal payments	(2,832)
Ending balance	$ 28,953

11. MEMBERS' EQUITY AND EQUITY-BASED COMPENSATION

Pursuant to the Company's Amended Operating Agreement dated April 2018 and subsequent amendments thereto, the Company is authorized to issue up to 28,000,000 Class A membership units, 20,000,000 Class B membership units, 6,000,000 Class C membership units, 8,750,000 Class C-1 membership units, 43,000,000 Class D membership units and 19,354,840 Class E membership units. All classes, except for Class C-1 units, include voting rights.

During the nine months ended September 30, 2018, the Company issued 15,954,551 Class D units in exchange for $31 cash, $7,004 as payment for services rendered, as well as certain asset and business acquisitions and non-controlling interest purchases. Refer to Note 4 and Note 5 and the "Non-controlling interests" section below for further information.

During the nine months ended September 30, 2018, the Company issued 19,352,143 Class E units in exchange for gross proceeds of $119,983, and incurred $3,859 in equity issuance costs.

Equity-based compensation
During the nine months ended September 30, 2018, the Company granted 4,284,000 Class C-1 membership units to certain employees, directors and consultants as compensation for services. These membership units qualify as profits interests for U.S federal income tax purposes and were accounted for in accordance with IFRS 2 - Share-based payment. The Company amortizes awards over service period and until awards are fully vested.

The following table summarizes the status of unvested awards as at September 30, 2018 and changes during the period from December 31, 2017 through September 30, 2018:

Unvested Awards (Per unit information expressed in whole dollars)	**Total Units**	**Weighted Average Grant Date FMV per unit**
December 31, 2017	—	$ —
Class C-1 units granted	4,284,000	0.43
Class C-1 units forfeited	(46,000)	0.43
Class C-1 vested	(1,611,875)	0.43
September 30, 2018	**2,626,125**	**$ 0.43**

The Company recorded $1,038 as compensation expense in connection with these awards during the nine months ended September 30, 2018. As at September 30, 2018, unamortized expense related to unvested awards totaled $1,003.

Non-controlling interests
During the nine months ended September 30, 2018, the Company made several purchases of non-controlling interests in consolidated subsidiaries.

Non-controlling interest purchases	**HSCP Oregon**	**MMRC**	**Cannabliss**	**Impire**	**MA RMDS**	**WPMC**	**Total**
Cash	$ 400	$ 203	$ 301	$ —	$ 1,364	$ —	$ 2,268
Seller's notes	—	—	760	—	7,000	—	7,760
Class D units	—	—	250	2,500	1,000	1,225	4,975
Forgiveness of shareholder advance	100	—	—	—	—	—	100
Total consideration	**$ 500**	**$ 203**	**$ 1,311**	**$ 2,500**	**$ 9,364**	**$ 1,225**	**$ 15,103**
Carrying value on transaction date	(953)	(15)	100	2,379	26	1,720	3,257
Decrease in contributed capital	**$ (1,453)**	**$ (218)**	**$ (1,211)**	**$ (121)**	**$ (9,338)**	**495**	**$ (11,846)**
Ownership percentage purchased	51%	20%	35%	20%	49%	4%	

12. COMMITMENTS & CONTINGENCIES

Commitments
The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases as at September 30, 2018:

Period	**Amount**
Not later than one year	$ 3,046
Later than one year and not later than five years	6,493
Later than five years	2,226
Total	$ 11,765

The Company is subject to other capital commitments and similar obligations. As at September 30, 2018 and December 31, 2017 such amounts were not material.

Contingencies
The Company may be, from time to time, subject to various administrative, regulatory and other legal proceedings arising in the ordinary course of business. Contingent liabilities associated with legal proceedings are recorded when a liability is probable, and the contingent liability can be reasonably estimated.

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as at September 30, 2018, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

The Company provides revolving lines of credit to several of its portfolio companies. Refer to Note 7 for further information.

The Company had been in litigation with a consultant in connection with compensation for certain services performed in 2017. As a result, the Company recorded approximately $1,000 of accrued expenses as at December 31, 2017, and satisfied the liability in the nine months ended September 30, 2018.

During 2017, the Company entered into a consulting agreement with a contingency fee of $200 payable in the event it raised more than $40,000 in capital. The threshold was reached in the nine months ended September 30, 2018 and the payment was made accordingly. The contingent fee was recorded in the period the contingency requirement was met.

13. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement
NCC has a 5-year lease with NCC RE, an entity in which the Company's wholly-owned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning December 2016. The total amount of rent paid by NCC for the nine months ended September 30, 2018 and 2017 is $81 and $82, respectively.

Common ownership
A managing member of HSCPM maintains an individual 1% ownership interest in NCC.

Related party promissory notes receivable
Acreage has certain outstanding notes receivable with related parties. Refer to Note 7 for further information.

Other current assets
In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable. These notes bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense. The remaining $315 was forgiven in recognition of services performed and recognized as compensation expense in the nine months ended September 30, 2018.

Key management personnel compensation
The Company's compensation expense related to key management personnel for the nine months ended September 30, 2018 and 2017 totaled $2,614 and $121, respectively, which includes cash and equity-based compensation.

14. INCOME TAXES

Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement.

A reconciliation of income to taxable income for the three and nine months ended September 30, 2018 and 2017 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net loss before income taxes	$ (3,807)	$ (518)	$ (1,402)	$ (2,314)
Income from pass-through entities	4,131	892	2,257	3,041
Expenses not deductible in the U.S.	221	237	862	915
Taxable income	$ 545	$ 611	$ 1,717	$ 1,642
Tax rate	31%	34%	34%	38%
Income tax expense - current year	$ 169	$ 210	$ 587	$ 618
Income tax expense - prior year	3	—	68	—
Total income tax expense	$ 172	$ 210	$ 655	$ 618

15. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assess the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/ or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at September 30, 2018 is the carrying amount of cash and cash equivalents, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment. Refer to Note 7 for further discussion.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at September 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at September 30, 2018, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable. The Company has banking relationships in all jurisdictions in which it operates.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the nine months ended September 30, 2018.

16. SUBSEQUENT EVENTS

General developments:

Reverse takeover
On November 14, 2018, the Company, Acreage Holdings, Inc. (formerly, Applied Inventions Management Corp.) ("Acreage Pubco"), HSCP Merger Corp. (a wholly-owned subsidiary of Acreage Pubco) ("Subco"), Acreage Finco B.C. Ltd. (a special purpose corporation) ("Finco"), Acreage Holdings America, Inc. and Acreage Holdings WC, Inc. entered into a Business Combination Agreement whereby the parties completed the combination of their respective businesses (the "Business Combination"), which resulted in the reverse take-over of Acreage Pubco by the security holders of the Company. The Business Combination was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps. In connection with the Business Combination, Acreage Pubco changed its name from "Applied Inventions Management Corp." to "Acreage Holdings, Inc." On November 15, 2018, Acreage Pubco's subordinate voting shares were listed on the Canadian Securities Exchange under ticker symbol "ACRG.U".

Immediately prior to the completion of the Business Combination, Finco completed a brokered and a non-brokered subscription receipt financing at a price of $25.00 per subscription receipt for aggregate gross proceeds to Finco of approximately $314 million (the "Financing"). In connection with the Financing, Acreage Pubco paid a cash fee to the agents under the offering (the "Agents") equal to 6.0% of the gross proceeds of the brokered portion of the Financing (such cash fee was reduced to 2.5% in respect of sales to subscribers on the president's list) and a financial advisory fee in the amount of $3,000,000 in connection with the non-brokered portion of the Financing. As additional consideration, the Agents were granted compensation options entitling them to subscribe for that number of common shares of FinCo (the "FinCo Shares") as was equal to 2.0% of the number of subscription receipts issued under the brokered portion of the Financing (such number of compensation options was reduced to 1.5% in respect of sales to subscribers on the president's list). Upon completion of the Business Combination, each compensation option issued by Finco was exchanged for an equal number of compensation options of Acreage Pubco, each of which is exercisable for one subordinate voting share of Acreage Pubco (subject to any necessary adjustments) at a price of $25.00 per share for a period of 24 months following the date of exchange.

As part of the Business Combination, Acreage Pubco, Subco and FinCo were parties to a three-cornered amalgamation (the "Amalgamation"), pursuant to which the shareholders of FinCo (being the investors in the Financing after automatic conversion of their subscription receipts into FinCo Shares) received subordinate voting shares of Acreage Pubco in exchange for their FinCo Shares. Immediately following the Amalgamation, the entity resulting from the Amalgamation, HSCP Merger Corp.

("Amalco"), was dissolved and liquidated, in accordance with which all of the assets of Amalco were distributed to Acreage Pubco.

In connection with the Business Combination, Kevin Murphy, the Chief Executive Officer of the Company, made a contribution of common stock and cash to Acreage Pubco in exchange for 168,000 multiple voting shares of Acreage Pubco, representing 100% of the issued and outstanding multiple voting shares as of closing of the Business Combination.

New York outstanding litigation
On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC (three wholly owned subsidiaries of the Company) and the Company. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Pro-forma results of operations for the below acquisitions are not presented because they are not material to our unaudited Condensed Interim Consolidated Statements of Operations. The majority of the entities listed below were non-operational, except as noted, at the time of acquisition. We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

PWPA
In October 2018, the Company acquired all remaining non-controlling interests in PWPA, an operational cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC
In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

FLW
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC ("IGF")
In November 2018, the Company acquired all interests in IGF, an Illinois cultivation license holder, for a total purchase price of $15,500. $8,000 was paid on the closing date, $6,500 will be paid on January 15, 2019 and $1,000 will be paid 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

Blue Tire Holdings, LLC ("Blue Tire")
In November 2018, the Company entered into an agreement to acquire the assets of Blue Tire, a Michigan-based entity with real estate assets zoned to operate in the cannabis industry. Minimum consideration consists of 160,000 subordinate voting shares to be issued over 24 months commencing one year after closing, with an additional 240,000 shares issuable upon achievement of certain milestones.

Connecticut dispensary
In November 2018, the Company entered into an agreement to purchase a third dispensary in Connecticut for total consideration of $15,800.

Patient Centric Martha's Vineyard, Ltd. ("PCMV")
In November 2018, the Company entered into a management services agreement with PCMV and extended a $4,000 line of credit.

Cannabis genetics intellectual property
In November 2018, the Company acquired the intellectual property rights to what it believes is the largest, most diverse library of cannabis genetics in the world for total consideration of $1,650.

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of High Street Capital Partners, LLC d/b/a Acreage Holdings (the "Company", "we", "our", "us" or "Acreage"), a wholly owned subsidiary of Acreage Holdings, Inc., a British Columbia corporation, is for the three and nine months ended September 30, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2018 and 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information presented in this MD&A is presented in thousands of United States ("U.S.") dollars ("$" or "US$"), unless otherwise indicated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward- looking information. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to: market acceptance and approvals. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting the Company; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labor or loss of key individuals. A description of additional assumptions used to develop such forward- looking information and a description of additional risk factors that may cause actual results to differ materially from forward- looking information can be found in the Company's disclosure documents, such as the Company's listing statement filed on November 14, 2018, on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The forward-looking information contained in this MD&A represents the expectations of the Company as of the date of this MD&A and, accordingly, is subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

This MD&A was prepared by management of the Company and approved by the Board of Directors on November 29, 2018.

2. OVERVIEW OF THE COMPANY

Acreage was founded by Kevin Murphy in April of 2014 to invest in the burgeoning U.S. regulated cannabis market. Historically, Acreage's principal business activity was to make debt and equity capital investments in existing cannabis license holders, cannabis license applicants and related management companies. These portfolio companies were party to financing and consulting services agreements with the Company in states throughout the U.S. where medical and/or adult use of cannabis is legal. Such investments included (but were not limited to) debt securities (secured or unsecured), convertible debt instruments, LLC membership interests, and common or preferred equity securities issued by the portfolio company.

In 2018, the Company continued the process of obtaining controlling positions in nearly all portfolio companies under its ownership with the intent of becoming a single cohesive company operating across multiple states. The Company strives towards controlling as much of the supply chain as possible on a national and global scale, while also expanding investment in new cannabis technologies and products. The Company will seek to leverage its breadth of operations and first-mover advantage to create enduring brands and intellectual property that will have enduring value as the market matures and becomes increasingly competitive.

In September 2018, the Company entered into a definitive business combination agreement pursuant to which the Company completed a reverse takeover of Applied Inventions Management Corp. ("AIM"), a registered issuer in the Province of Ontario, and the securityholders of the Company hold substantially all of the outstanding securities of AIM. Immediately prior to the transaction, AIM undertook a number of actions to prepare its share structure for the proposed transaction, including continuing into British Columbia. Following the transaction, the former securityholders of AIM own $1,242 shares of the resulting issuer, which was renamed "Acreage Holdings, Inc." On November 15, 2018, the Acreage Holdings, Inc.'s subordinate voting shares were listed under ticker symbol ACRG.U on the Canadian Securities Exchange.

The Company has invested in geographically diverse licensed entities that operate in both adult use and medical authorized states. As at September 30, 2018, the Company's portfolio companies included assets comprised of state licensed dispensaries, cultivation and processing facilities and other cannabis related companies across 15 states. In states where medical cannabis license holders may only be non-profit entities, the Company provided, and continues to provide, management services to the respective non- profit medical cannabis license holders on a contractual basis.

Today, the Company is one of the leading vertically integrated multi-state cannabis operators in the U.S. Headquartered in New York City, the Company has one of the largest footprints of any cannabis company in the U.S. and is dedicated to building and scaling operations to create a seamless, consumer-focused, branded cannabis experience. The Company has a mission to champion and provide access to the beneficial properties of cannabis by creating the highest-quality products and experiences. We have fostered strong partnerships with regulators, physicians and medical researchers, with the aim of setting a new standard for the industry. As legislation and regulations evolve, we are poised to build on our leadership position by expanding our footprint and capabilities in bringing safe, affordable cannabis to the market. We deeply believe in the transformational power that cannabis has to heal and change the world.

Highlights from the three and nine months ending September 30, 2018

During the three months:

- We announced the proposed reverse takeover of Applied Inventions Management Corp. and an application was submitted to list the resulting issuer's subordinate voting shares on the Canadian Securities Exchange.
- We further solidified our footprint in the U.S., acquiring all remaining interests in NYCANNA, LLC ("NYCANNA"), a license holder in New York and Prime Alternative Treatment Center Consulting, LLC ("PATCC"), a management company in New Hampshire. We also acquired all interests in Prime Wellness of Connecticut, LLC ("PWCT"), expanding our footprint in the state, and Prime Wellness Centers, Inc. ("PWC"), a license holder in Massachusetts.
- We entered into management contracts with Greenleaf Apothecaries, LLC and Greenleaf Therapeutics, LLC (together "Greenleaf"), entities holding a dispensary and processing license, respectively, in Ohio.
- We entered into a management contract with Compassionate Care Foundation, Inc. ("CCF"), a non-profit license holder in New Jersey. In connection with this partnership, we agreed to fund the Cannabis Education and Research Institute, Inc., a non-profit organization formed by CCF dedicated to the development and support of unbiased, evidence-based research and information of the beneficial medical use of cannabis, and the communication and dissemination of accurate information to patients, researchers, clinicians, policy-makers and regulators.
- We offered former Prime Minister of Canada Brian Mulroney, former tw telecom Chairman and Chief Executive Officer Larissa Herda and former IBM Chief Financial Officer Douglas Maine seats on our Board of Directors, pending the completion of our proposed reverse takeover and resulting Canadian listing.

During the nine months:

- We successfully completed a Class E funding round, securing approximately $119 million of additional capital, the largest private funding round in U.S. cannabis industry history. The combination of the capital raised and the roll-up of our subsidiaries cements Acreage as one of the best capitalized companies in the industry, with a footprint that is second to none.
- We have completed the roll-up of certain portfolio companies, pending some regulatory approval and certain conditions to close.
- We acquired all interests in Connecticut license holder D&B Wellness, LLC ("D&B") in May 2018.
- We acquired a controlling interest in the Wellness and Pain Management Connection, LLC ("WPMC") in May 2018, making our Maine operation the dominant provider in the state with 50%+ market share, operating 4 of the state's 8 dispensaries.

- We appointed the former Speaker of the U.S. House of Representatives John Boehner and former Governor of the State of Massachusetts Bill Weld to our advisory board. Both Mr. Boehner and Mr. Weld bring immense experience in government affairs and unmatched leadership to help drive Acreage towards our strategic mission.

- We made several key senior management hires, bringing on board a Chief Operating Officer, Chief Financial Officer and Head of Retail Operations, and made an internal promotion to President.

- We have significantly enhanced our controls and finance processes by adding a significant amount of strength in tax, financial planning, financial reporting and controllership at our affiliates and at the corporate level. These changes have positioned us well to handle our upcoming listing on the Canadian Securities Exchange.

Operational and Regulation Overview

Acreage's operations are in full compliance with all applicable state and local laws, regulations and licensing requirements in the states which we operate. As at September 30, 2018, the Company had consolidated operations in the following states:

Oregon
The Oregon Medical Marijuana Act (the "Act") was established in 1998 for limited non-commercial use. The Act removed criminal penalties for medical marijuana for patients with debilitating medical conditions whose doctor verified the condition and that medical marijuana may help it. Qualifying conditions include, but are not limited to, cancer, chronic pain, glaucoma and HIV/ AIDS. Non-medical cultivation and use of marijuana in Oregon was approved in 2014. Effective January 1, 2017, marijuana was able to be sold for recreational use only by businesses that have obtained a recreational license. Such businesses can also sell marijuana for medical use. Medical marijuana dispensaries that had not obtained a recreational license were no longer permitted to sell marijuana for recreational use after 2016. The state of Oregon does not have a limit on the number of dispensary, cultivation or processing licenses available for issuance.

The Company's Oregon subsidiaries hold five recreational dispensary licenses and one cultivation license is pending.

Holding Entity	City	Description	Status
East 11th Inc. Sorority	Eugene	Dispensary Facility	Issued
22nd and Burn Inc.	Portland	Dispensary Facility	Issued
Firestation 23, Inc.	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Springfield	Dispensary Facility	Issued
HSCP Oregon LLC	Portland	Dispensary Facility	Issued
HSCP Oregon LLC	Medford	Cultivation Facility	Pending

Pennsylvania
The Pennsylvania medical marijuana program was signed into law on April 17, 2016 and provides state residents access to the program who suffer from one of the 17 qualifying serious conditions, including, but not limited to, epilepsy, chronic pain, HIV/ AIDS, cancer and post-traumatic stress disorder ("PTSD"). The program allows the Pennsylvania Department of Health to issue up to 25 cultivation and processing permits and 50 dispensary permits. Each dispensary permit holder can open up to three locations. On June 29, 2017, The Pennsylvania Department of Health issued 12 cultivation and processing permits and 27 dispensary permits. Prime Wellness of Pennsylvania, LLC ("PWPA"), a consolidated subsidiary of the Company, was issued one cultivation and processing permit.

Maryland
The Maryland Medical Cannabis Commission ("MMCC") was established in May 2013, and the program became operational and sales began on December 1, 2017. The MMCC was created to analyze and study the use of medical cannabis and to develop policies, procedures and regulations to implement programs that ensure medical cannabis is available to qualifying patients in a safe and effective manner. The program was written to allow access to medical cannabis for patients with conditions that are considered severe for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and PTSD. The MMCC oversees all licensing, registration, inspection and testing measures pertaining to Maryland's medical marijuana program and provides relevant program information to patients, providers, caregivers, cultivators, processors, dispensaries and testing laboratories.

The MMCC has issued a limited number of dispensary, cultivation and processing licenses. There are currently 50 state licensed dispensaries, 14 cultivators and 13 processors throughout Maryland. Maryland Medicinal Research & Caring, LLC, a consolidated subsidiary of the Company, was awarded one dispensary license.

Connecticut
Connecticut's medical marijuana act was signed into law on June 1, 2012 and is overseen by the Connecticut Department of Consumer Protection ("DCP") which also has authority to issue licenses. The DCP has issued a limited amount of dispensary and producer licenses. There are currently nine state-licensed dispensaries (of which Acreage holds two) and four cultivators that operate throughout Connecticut.

Maine
Maine has allowed prescribing and limited possession of medical marijuana since 1999, but the law lacked any distribution mechanism. On November 3, 2009 a referendum approved medical-grade marijuana to be dispensed by licensed dispensaries to persons with one of 17 debilitating and chronic medical conditions including HIV/AIDS, Crohn's disease, cancer and PTSD. The Company has an investment in WPMC, which provides management and operational services to The Wellness Connection, a non- profit entity holding four dispensary certificates of registration and one cultivation and processing certificate of registration.

Massachusetts
Massachusetts'Medical Use of Marijuana Program was established in 2012 and a ballot petition in 2016 legalized adult recreational use. The Cannabis Control Commission was established to regulate the industry. The Company owns one vertically-integrated operator, Prime Wellness Centers, Inc. ("PWC"), and has management contracts in place with two additional operators in the state.

New York
New York's Compassionate Care Act was enacted in 2014 to provide a comprehensive, safe and effective medical cannabis program. The New York Department of Health issued licenses to ten registered organizations, of which the Company's subsidiary NYCANNA is one, which allows for one cultivation and four dispensary licenses. NYCANNA's cultivation facility is currently operational, and the dispensary licenses will be issued pending completion of inspection, expected to occur in 2018.

3. SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the indicated periods condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2018 and 2017 and as at September 30, 2018 and December 31, 2017. The selected combined financial information set out below may not be indicative of the Company's future performance.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2018	2017	$	%	2018	2017	$	%
Revenues, net	$ 5,504	$ 2,117	$ 3,387	160%	$ 10,652	$ 5,560	$ 5,092	92%
Cost of goods sold	(3,630)	(1,258)	(2,372)	189	(6,858)	(3,408)	(3,450)	101
Gross profit excluding fair value items	$ 1,874	$ 859	$ 1,015	118%	$ 3,794	$ 2,152	$ 1,642	76%
Realized fair value amounts included in inventory sold	(400)	—	(400)	n/m	(400)	—	(400)	n/m
Unrealized fair value gain on growth of biological assets	2,118	—	2,118	n/m	3,097	—	3,097	n/m
Gross profit	$ 3,592	$ 859	$ 2,733	318%	$ 6,491	$ 2,152	$ 4,339	202%
Total operating expenses	(15,965)	(1,159)	(14,806)	1,277	(26,313)	(4,761)	(21,552)	453
Total other income (loss)	8,566	(218)	8,784	n/m	18,420	295	18,125	6,144
Income tax expense	(172)	(210)	38	(18)	(655)	(618)	(37)	6
Net loss	$ (3,979)	$ (728)	$ (3,251)	447%	$ (2,057)	$ (2,932)	$ 875	(30)%

	September 30, 2018	December 31, 2017		
Inventory	$ 5,865	$ 463	$ 5,402	1,167%
Biological assets	3,390	—	3,390	n/m
Total assets	313,559	73,009	240,550	329
Long-term liabilities	2,614	32,470	(29,856)	(92)

n/m - Not meaningful

Results of operations for the three and nine months ended September 30, 2018 as compared to the three and nine months ended September 30, 2017

Revenues

The Company derives its revenues from sales of cannabis and cannabis-infused products through retail dispensary and cultivation businesses. Acreage has five operational dispensary facilities in Oregon (three in Portland, one in Eugene and one in Springfield) and two in Connecticut (one in Bethel and one in South Windsor). Acreage also has a cultivation facility in Sinking Spring, Pennsylvania.

Revenues increased by $3,387, or 160%, to $5,504 and $5,092, or 92%, to $10,652 in the three and nine months ended September 30, 2018, respectively. The increase in revenues was primarily driven by the acquisitions of D&B and PWCT, the coming on-line of PWPA and higher sales at our Oregon entities.

Cost of goods sold and gross profit

Gross profit is revenue less cost of goods sold, plus or minus the fair value changes in biological assets for the period. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includes allocations of rent, administrative salaries, utilities and related costs. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Cost of goods sold increased $2,372, or 189%, to $3,630 and $3,450, or 101%, to $6,858 in the three and nine months ended September 30, 2018, respectively, driven by the cost of sales from the newly acquired D&B and PWCT and higher sales at our Oregon entities.

Gross profit increased $2,733, or 318%, to $3,592 and $4,339, or 202%, to $6,491 in the three and nine months ended September 30, 2018, respectively. The Company had a fair value adjustment of $2,118 in the three months and $3,097 in the nine months ended September 30, 2018 pertaining to biological assets at our Pennsylvania, New York and Massachusetts cultivation locations. Prior to fair value adjustments, gross profit increased $1,015, or 118%, to $1,874 and $1,642, or 76%, to $3,794 in the three and nine months ended September 30, 2018, respectively. Gross profit margin prior to fair value adjustments for the three and nine months ended September 30, 2018 was 34% and 36%, respectively, compared to 41% and 39% for the three and nine months ended September 30, 2017, respectively.

Total operating expenses

Total operating expenses consist primarily of costs incurred at our corporate offices and operational subsidiaries, personnel costs, including salaries, benefits and share based compensation, marketing and other professional service costs, including legal and accounting. We expect to continue to invest considerably in this area to support our aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to incur acquisition and transaction costs related to our expansion plans. We anticipate a significant increase in stock compensation expense related to recruiting and hiring talent, as well as increases in accounting, legal and professional fees associated with planning to be a publicly traded company.

Total operating expenses increased $14,806, or 1277%, to $15,965 and $21,552, or 453%, to $26,313 in the three and nine months ended September 30, 2018, respectively. The increases were driven by increased general and administrative and compensation expenses. These reflect the increased volume and complexity of services required as the Company's operations increased over the year, such as increased legal and other professional fees incurred from the roll-up of our investments, increased compensation expenses driven by stock compensation from the issuance of profits interest units to certain employees for services and the increased headcount from the scaling up of operations.

Total other income (loss)

Total other income for the three months ended September 30, 2018 was $8,566, compared to total other loss of $218 in the three months ended September 30, 2017, a change of $8,784. The improvement in the quarter was primarily driven by an improvement of $6,873 resulting from the remeasurement of our derivative liability valuation due to the updated expected timing of the mandatory conversion trigger. Additionally, income from investments increased by $3,207, partially offset by an increase in interest expense of $1,727, both of which we expect to significantly decline going forward as a result of our roll-up transactions and the conversion of our debt in connection with a public listing.

Total other income increased $18,125, or 6144%, to $18,420 in the nine months ended September 30, 2018. The increase was primarily driven by a $22,760 increase in income from investments due to the remeasurement to fair value upon acquisition of previously held interests and the gain on sale of Compass Ventures, Inc. ("Compass"), partially offset by an increase in interest expense of $4,839, both of which we expect to significantly decline going forward as a result of our roll-up transactions and the conversion of our debt in connection with a public listing.

Net loss
Net loss increased $3,251, or 447%, to $3,979 and $875, or (30)%, to $2,057 three and nine months ended September 30, 2018, respectively. The changes in net loss are driven by the factors discussed above.

4. LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of capital include acquisitions, capital expenditures, servicing of outstanding debt and operating expenses. Our primary source of capital is funds generated by financing activities. To date, we have used private and/or public financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our ability to fund our operations, to make planned capital expenditures, to acquire other entities or investments, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions, as well as financial, business and other factors, some of which are beyond our control.

Change in Cash	Nine Months Ended September 30,		Change	
	2018	2017	$	%
Net cash used in operating activities	$ (25,232)	$ (2,311)	$ (22,921)	992%
Net cash used in investing activities	(30,735)	(12,953)	(17,782)	137%
Net cash provided by financing activities	113,808	26,421	87,387	331%
Change in cash	$ 57,841	$ 11,157	$ 46,684	418%

As at September 30, 2018, we had $74,072 of cash and cash equivalents, $95 of restricted cash and $15,335 of working capital surplus (current assets minus current liabilities), compared with $16,453 of cash and cash equivalents, no restricted cash and
$14,612 of working capital surplus as at September 30, 2017.

We expect that our cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet our capital requirements and operational needs for the next 12 months.

Cash used in operating activities
Net cash used in operating activities increased $22,921, or 992%, to $25,232 for the nine months ended September 30, 2018, primarily driven by higher usage of cash in current year accounts payable and accrued liabilities due to timing of payments and an increase of general and administrative expenses and compensation expense.

Cash used in investing activities
Net cash used in investing activities increased $17,782, or 137%, to $30,735 for the nine months ended September 30, 2018, primarily driven by the purchases of cannabis license holders and management contracts, capital expenditures and loans made to subsidiaries to build out facilities, partially offset by proceeds from the sale of the Company's equity interest in Compass.

Cash provided by financing activities
Net cash provided by financing activities increased $87,387, or 331%, to $113,808 for the nine months ended September 30, 2018, primarily driven by the net issuance of $116,155 in Class E units, compared to our prior year net convertible note issuance of $22,770.

Contractual obligations
The Company and its subsidiaries have entered into operating lease agreements for the corporate office, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases:

Period	Amount
Not later than one year	$ 3,046
Later than one year and not later than five years	6,493
Later than five years	2,226
Total	$ 11,765

The Company has the following commitments related to its investments:

Counterparty	Maximum Obligation	Balance as at September 30, 2018	Balance as at December 31, 2017
Compassionate Care Foundation, Inc. ("CCF")	$ 12,500	$ 4,250	$ —
Prime Alternative Treatment Center, Inc. [(a)]	4,650	4,650	—
Greenleaf	16,000	2,530	—
Health Circle, Inc. [(b)]	8,000	1,219	220
Total		**$ 12,649**	**$ 220**

(a) Prime Alternative Treatment Center, Inc. is a non-profit license holder in New Hampshire managed by the Company's consolidated subsidiary PATCC.

(b) Health Circle, Inc. is a non-profit license holder in Massachusetts managed by the Company's consolidated subsidiary MA RMD SVCS, LLC.

The Company is subject to other capital commitments and similar obligations. As at September 30, 2018 such amounts were not material.

5. OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this filing, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

6. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Lease agreement
NCC, LLC ("NCC") has a 5-year lease with NCC Real Estate, LLC, an entity in which the Company's wholly-wned subsidiary HSC Solutions, LLC has a 33.33% ownership interest, beginning in December 2016. The total amount of rent paid by NCC for the nine months ended September 30, 2018 and 2017 is $81 and $82, respectively.

Common Ownership
A managing member of High Street Capital Partners Management, LLC maintains an individual 1% ownership interest in NCC.

Related party notes receivable
As described in Note 7 of the consolidated financial statements, Acreage has outstanding notes with related parties totaling $14,327 and $1,676 as at September 30, 2018 and December 31, 2017, respectively. The interest rates on the notes range from 0-20%. Interest income on the notes amounted to $446 and $95 for the nine months ended September 30, 2018 and 2017, respectively.

Other assets
In March 2017, the Company issued 6,000,000 of Class C units to certain employees of HSCPM in exchange for $630 of notes receivable. These notes bear interest at 2.05% annually. $315 was outstanding as at December 31, 2017, as the Company forgave 50% of the amount outstanding in recognition of services performed and classified as compensation expense. The remaining $315 was forgiven in recognition of services performed and recognized as compensation expense in the nine months ended September 30, 2018.

7. PROPOSED TRANSACTIONS

General developments:

Reverse takeover
On November 14, 2018, the Company, Acreage Holdings, Inc. (formerly, Applied Inventions Management Corp.) ("Acreage Pubco"), HSCP Merger Corp. (a wholly-owned subsidiary of Acreage Pubco) ("Subco"), Acreage Finco B.C. Ltd. (a special purpose corporation) ("Finco"), Acreage Holdings America, Inc. and Acreage Holdings WC, Inc. entered into a Business Combination Agreement whereby the parties completed the combination of their respective businesses (the "Business Combination"), which resulted in the reverse take-over of Acreage Pubco by the security holders of the Company. The Business Combination was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps. In connection with the Business Combination, Acreage Pubco changed its name from "Applied Inventions Management Corp." to "Acreage Holdings, Inc." On November 15, 2018, Acreage Pubco's subordinate voting shares were listed on the Canadian Securities Exchange under ticker symbol "ACRG.U".

Immediately prior to the completion of the Business Combination, Finco completed a brokered and a non-brokered subscription receipt financing at a price of $25.00 per subscription receipt for aggregate gross proceeds to Finco of approximately $314 million (the "Financing"). In connection with the Financing, Acreage Pubco paid a cash fee to the agents under the offering (the "Agents") equal to 6.0% of the gross proceeds of the brokered portion of the Financing (such cash fee was reduced to 2.5% in respect of sales to subscribers on the president's list) and a financial advisory fee in the amount of $3,000,000 in connection with the non-brokered portion of the Financing. As additional consideration, the Agents were granted compensation options entitling them to subscribe for that number of common shares of FinCo (the "FinCo Shares") as was equal to 2.0% of the number of subscription receipts issued under the brokered portion of the Financing (such number of compensation options was reduced to 1.5% in respect of sales to subscribers on the president's list). Upon completion of the Business Combination, each compensation option issued by Finco was exchanged for an equal number of compensation options of Acreage Pubco, each of which is exercisable for one subordinate voting share of Acreage Pubco (subject to any necessary adjustments) at a price of $25.00 per share for a period of 24 months following the date of exchange.

As part of the Business Combination, Acreage Pubco, Subco and FinCo were parties to a three-cornered amalgamation (the "Amalgamation"), pursuant to which the shareholders of FinCo (being the investors in the Financing after automatic conversion of their subscription receipts into FinCo Shares) received subordinate voting shares of Acreage Pubco in exchange for their FinCo Shares. Immediately following the Amalgamation, the entity resulting from the Amalgamation, HSCP Merger Corp. ("Amalco"), was dissolved and liquidated, in accordance with which all of the assets of Amalco were distributed to Acreage Pubco.

In connection with the Business Combination, Kevin Murphy, the Chief Executive Officer of the Company, made a contribution of common stock and cash to Acreage Pubco in exchange for 168,000 multiple voting shares of Acreage Pubco, representing 100% of the issued and outstanding multiple voting shares as of closing of the Business Combination.

New York outstanding litigation

On November 2, 2018, EPMMNY LLC ("EPMMNY") filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC (three wholly owned subsidiaries of the Company) and the Company. EPMMNYalleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY's alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and Acreage Holdings. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

The Company intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by the Company in a transaction that was fully approved by New York regulators. Acreage Holdings is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

Acquisitions:

Pro-forma results of operations for the below acquisitionsare not presented because theyare not materialto our unaudited Condensed Interim Consolidated Statements of Operations. The majority of the entities listed below were non-operational, except as noted, at the time of acquisition. We are in the process of identifying assets acquired and liabilities assumed, and as such, net assets are preliminarily recorded as intangible assets unless otherwise noted until all measurement period adjustments are considered.

PWPA

In October 2018, the Company acquired all remaining non-controlling interests in PWPA, an operational cultivation facility located in Pennsylvania, for cash consideration of $16,500.

GCCC Management, LLC

In October 2018, the Company entered into a definitive agreement to acquire all ownership interests in GCCC Management, LLC, a management company overseeing the operations of Greenleaf Compassionate Care Center, a non-profit cultivation and processing facility in Rhode Island, for total cash consideration of $10,000.

FLW
In October 2018, the Company withdrew from FLW. In connection with the withdrawal, FLW issued a $2,440 promissory note to the Company. Also in connection with this transaction, the Company issued warrants to purchase $5,575 of Company stock upon public listing.

In Grown Farms 2, LLC ("IGF")
In November 2018, the Company acquired all interests in IGF, an Illinois cultivation license holder, for a total purchase price of $15,500. $8,000 was paid on the closing date, $6,500 will be paid on January 15, 2019 and $1,000 will be paid 18 months following the closing date, less any amount subject to a potential indemnification claim at such time.

Nature's Way Nursery of Miami, Inc. ("NW")
In November 2018, the Company paid $10,000 cash into escrow for 5% equity in connection with the acquisition of NW. The acquisition is expected to be achieved in two stages: the initial 5% is expected to close in January 2019, and the remaining 95% will be acquired for an additional $57,000 upon Florida state approval.

Blue Tire Holdings, LLC ("Blue Tire")
In November 2018, the Company entered into an agreement to acquire the assets of Blue Tire, a Michigan-based entity with real estate assets zoned to operate in the cannabis industry. Minimum consideration consists of 160,000 subordinate voting shares to be issued over 24 months commencing one year after closing, with an additional 240,000 shares issuable upon achievement of certain milestones.

Connecticut dispensary
In November 2018, the Company entered into an agreement to purchase a third dispensary in Connecticut for total consideration of $15,800.

Patient Centric Martha's Vineyard, Ltd. ("PCMV")
In November 2018, the Company entered into a management services agreement with PCMV and extended a $4,000 line of credit.

Cannabis genetics intellectual property
In November 2018, the Company acquired the intellectual property rights to what it believes is the largest, most diverse library of cannabis genetics in the world for total consideration of $1,650.

8. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the review affects both current and future periods. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Financial instruments
The Company evaluates the fair value of investments at the end of each reporting period. In addition to investment-specific information, the Company considers general market trends, conditions and transactions. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

The fair value of investments may be adjusted if:

- There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- There have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value;
- The investee company is placed into receivership or bankruptcy;

- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- The investee company makes important positive/negative management changes that the Company's management believes will have a positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustment to the fair value of the investments will be based upon management's judgment and any value estimated may not be realized or realizable. Refer to Note 6 of the consolidated financial statements for discussion of current period fair value adjustments.

Derivative liabilities

The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Black-Scholes model with a Monte Carlo simulation. Critical estimates and assumptions used in the model are discussed in Note 10 of the consolidated financial statements.

Income taxes

Except for certain subsidiaries, the Company is treated as a partnership for federal and state income tax purposes and, accordingly, is generally not subject to company-level taxes. Taxable income or loss is allocated to the members in accordance with the limited liability company operating agreement.

Income tax expense is recognized in the Consolidated Statements of Operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current tax liabilities and when they relate to income taxes levied by the same taxing authority and the Company intends to settle its current tax assets and liabilities on a net basis.

At September 30, 2018 and December 31, 2017, deferred tax assets and liabilities were immaterial.

Certain Acreage subsidiaries are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. It is possible, however, that at some future date, an additional liability could result from audits by taxing authorities. If the final outcome of these tax- related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

As discussed above, the Company has taken the position that any costs included in cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance. The Company exercises significant judgments in determining the amounts to include within cost of goods sold, which include allocations of overhead attributable to sales calculated using identifiable metrics such as employee time sheets and square footage.

Business combinations

Judgement is required to determine when the Company gains control of an investment. This requires an assessment of the relevant activities of the investee that significantly affect its returns, including operating and capital expenditure decision-making, financing of the investee, key management personnel changes and when decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Investments in which the Company does not gain control are accounted for as investments in associates (if the Company has significant influence) or as investments in private entities (if the Company has no significant influence). Refer to Note 4 and Note 6 of the consolidated financial statements for further discussion.

Impairment on promissory notes receivable
At each reporting date the Company assesses whether there is objective evidence that a promissory note receivable is impaired. Refer to Note 7 of the consolidated financial statements for further discussion. A promissory note receivable is deemed to be impaired, if, and only if, there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the note and that event has an impact on the estimated future cash flows of the promissory note receivable. Refer to the *Financial Instruments and Financial Risk Management* section below for further discussion on credit risk.

Impairment on investments in associates
An impairment loss on an investment in an associate is measured by comparing the recoverable amount of the investment with its carrying amount. The Company must assess several factors, such as the market conditions, potential buyers and the performance of the associate to determine the recoverable amount. See Note 6 of the consolidated financial statements for further discussion.

9. CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The Company's condensed interim consolidated financial statements have been prepared following substantially the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2017, except as noted below.

The Company implemented the following additional policies beginning January 1, 2018:

Restricted cash
Restricted cash represents funds contractually held for specific purposes and, as such, not available for general corporate purposes.

Revenue recognition
The IASB's new revenue recognition standard IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was adopted by the Company on January 1, 2018. The new standard replaces IAS 18 - Revenue, and provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adoption. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the good to the customer. Revenue from management contracts is recognized over time as the management services are provided.

Biological assets and inventory
In accordance with IAS 41 - Agriculture, the Company's biological assets are measured at fair value less costs to sell up to the point of harvest. The Company capitalizes all direct and indirect costs as they are incurred, which include the direct costs of seeds and growing materials and indirect costs such as utilities and allocated labor, depreciation and overhead costs. These costs are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations in the period in which the related product is sold. The unrealized fair value adjustments on growth of biological assets are recorded in a separate line on the unaudited Condensed Interim Consolidated Statements of Operations.

The Company's inventories initially include the fair value of the biological assets at the time of harvest. They also include subsequent costs to prepare the product for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and allocated labor. All direct and indirect costs related to inventory are capitalized when they are incurred, and they are subsequently classified within Cost of goods sold on the unaudited Condensed Interim Consolidated Statements of Operations, except for the realized fair value amounts included in inventory sold which are recorded on a separate line item. Inventory is valued at the lower of cost and net realizable value.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assess the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Market risk
Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk
Our exposure to non-payment or non-performance by our counterparties is a credit risk. The maximum credit exposure as at September 30, 2018 is the carrying amount of cash and cash equivalents, accounts receivable and other receivables and promissory notes receivable. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its other receivables and promissory notes receivable through its review of the counterparties and business review. The Company considers a variety of factors when determining interest rates for notes receivable, including the creditworthiness of the counterparty, market interest rates prevailing at the note's origination and duration and terms of the note. Notes that are overdue are assessed for impairment.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash holdings. As at September 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one-year, promissory note payable, which has a contractual maturity within 15 months and long-term debt, which has contractual maturities over the next five years. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as at September 30, 2018, management regards liquidity risk to be low.

Asset forfeiture risk
Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk
Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates. The Company considers interest rate risk to be immaterial.

Capital risk management
The Company considers its capital structure to include contributed capital, accumulated deficit, non-controlling interests and any other component of members' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it as appropriate given changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new units, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the nine months ended September 30, 2018.

11. OUTSTANDING SHARE DATA

During the nine months ended September 30, 2018, the Company issued 15,954,551 Class D units for certain asset and business acquisitions and non-controlling interest purchases. Refer to Note 4, Note 5 and Note 11 of the condensed interim consolidated financial statements for further information.

During the nine months ended September 30, 2018, the Company issued 19,352,143 Class E units in exchange for $119,983, net of $3,859 in equity issuance costs.

During the nine months ended September 30, 2018, the Company granted 4,284,000 Class C-1 membership units to certain employees, directors and consultants as compensation for services. These membership units qualify as profits interests for U.S. federal income tax purposes.

The following share capital data is current as of the date of this document:

Shares Outstanding (expressed in 000s)	**Subordinate Shares** **(on an as converted basis)**
Issued and Outstanding Shares:	
Subordinate Voting Shares - SR Financing	12,566
Subordinate Voting Shares - Shell	50
Subordinate Voting Shares - Existing Shareholders	8,817
Proportionate Voting Shares	57,845
Multiple Voting Shares - KM	168
Total Issued and Outstanding	**79,446**
Options - Compensation	4,255
Warrants - Convertible Debt	1,878
Warrants - Broker	157
Warrants - Other	223
USCO2 Convertible Shares	1,918
Founders', Management and Board Units	27,036
Fully Diluted [(1)]	**114,913**

(1) Does not include RSUs and Stock Awards

Acreage Holdings Reports Fiscal Third Quarter 2018 Financial Results

New York City, NY - Nov. 29, 2018 - Acreage Holdings, Inc. ("Acreage" or "we") (CSE: ACRG.U) reported on behalf of its subsidiary High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("Acreage Holdings") the unaudited financial results of Acreage Holdings' fiscal third quarter ended September 30, 2018. Financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and management's discussion and analysis for the period have been filed on Acreage's SEDAR profile at www.sedar.com.

Third Quarter and YTD Highlights

- Acreage Holdings reported third quarter revenue of $5.5 million, up 160% versus the prior year period, and year-to-date revenue of $10.6 million, up 92% versus the prior year period.
- On a pro-forma basis*, revenue for the third quarter was $19.3 million, and year-to-date was $54.2 million.
- Acreage Holdings reported third quarter gross profit, excluding fair value items, of $1.9 million, up 118% versus the prior year period, and year-to-date gross profit, excluding fair value items, of $3.8 million, up 76% versus the prior year period.
- Net loss for the quarter was $4.0 million, compared to $0.7 million in the prior year period. Net loss year-to-date was $2.1 million, an improvement of 30% versus the prior year period.
- During the three months ended September 30, 2018, Acreage Holdings opened one dispensary, in Baltimore, Maryland, bringing its open and operating dispensaries to a total of 16 as well as on track to have 23 stores opened by January 2019. With the Maryland opening, Acreage began the nationwide roll out of "The Botanist," its flagship retail brand.
- As of September 30, 2018, Acreage Holdings deployed over $148 million in capital in various strategic transactions.

*Acreage issued a detailed presentation of Acreage Holdings' fiscal third quarter results, that includes definitions and reconciliations for non-IFRS measures (see note regarding non-IFRS measures below), which can be viewed on our website at http://investors.acreageholdings.com.

"We are in the midst of a transformative moment for the U.S. cannabis industry and we have been laying the groundwork to fully leverage our unique strategic advantages - scale, operational depth, and financial strength," said Kevin Murphy, Founder, Chairman, and Chief Executive Officer of Acreage. "Our November public listing and private placement equity raise of approximately $314 million gives us the ability to continue to expand our industry-leading footprint beyond the 18 states that we are in. These efforts have laid the foundation for us to roll out the nation's first truly national brands in the industry. With our operational foundation now in place and the tailwinds of transformational pending legislation that we anticipate will open new cannabis markets in the U.S., we believe we are in a strong position for the future."

Additional Operating Highlights

- On November 28, 2018, we entered into a line of credit agreement with Patient Centric Martha's Vineyard, Ltd. to establish a management services agreement.
- On November 28, 2018, we entered into an agreement to purchase a third Connecticut dispensary, giving Acreage three of nine dispensary licenses in the state.
- On November 26, 2018, we closed on the acquisition of the real estate assets of Blue Tire Holdings, LLC to begin cultivation, processing, and dispensary operations in Michigan, one of the highest per capita consumption states in the U.S.
- On November 28, 2018, we entered in an agreement to acquire the intellectual property rights to what it believes is the largest, most diverse library of cannabis genetics in the world.
- On November 21, 2018, we acquired one of 22 cultivation and processing licenses in Illinois.
- In October 2018, we were awarded a provisional cultivation and manufacturing license in Oklahoma, with operations expected to begin in late 2019.
- In September 2018, we were awarded the right to receive one of eight total dispensary licenses that will be granted in North Dakota, and have applied to receive additional licenses in North Dakota.

Earnings Call Details

Acreage Holdings will host a conference call with management on Thursday, November 29th at 5:30PM Eastern Standard Time. Please dial in at least 15 minutes ahead of time and an

operator will register your information. The call can be accessed using the following dial-in information:

U.S. Toll Free:	888-317-6016
Canada Toll Free:	855-669-9657
International:	412-317-6016

About Acreage Holdings

Headquartered in New York City, Acreage Holdings is the largest vertically integrated, multi-state owner of cannabis licenses and assets in U.S. states with respect to number of states with operating licenses. Acreage has operating licenses in 18 states with an aggregate population of more than 165 million Americans and an estimated 2022 total addressable market of $12 billion in legal cannabis sales, according to Arcview Market Research. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

Non-IFRS Measures

The detailed presentation referenced above contains tables that reconcile our results of operations reported in accordance with IFRS to adjusted results that exclude the impact of certain items identified as affecting comparability (non-IFRS). We use pro-forma revenue, among other measures, to evaluate our actual operating performance and for planning and forecasting future periods. We believe that the adjusted results presented provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies and allow investors to review performance in the same way as our management. Since these measures are not calculated in accordance with IFRS, they should not be considered in isolation of, or as a substitute for, our reported revenue as indicators of our performance, and they may not be comparable to similarly-named measures from other companies.

Forward Looking Statements

This news release contains “forward-looking information” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information, including, for greater certainty, statements regarding expanding our industry-leading footprint, rolling out a national brand, pending legislation, opening of new cannabis markets and the commencement of Oklahoma operations in 2019.
Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”,

“budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects the Company’s current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to: market acceptance and approvals. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting the Company; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labor or loss of key individuals. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company’s disclosure documents, such as the Company’s listing statement filed on November 14, 2018, on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of the Company as of the date of this news release and, accordingly, is subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

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Exhibit 99.52

Acreage Announces Acquisition of Form Factory, Setting Stage for Unrivaled Cannabis Product Manufacturing and Distribution Platform

New York City, NY - Dec. 6th, 2018 -Acreage Holdings, Inc. ("Acreage") (CSE: ACRG.U) and Form Factory, Inc. ("Form Factory"), a multi-state manufacturer and distributor of cannabis- based edibles and beverages, announced they have signed a definitive agreement for Acreage to acquire Form Factory, in an all-stock transaction valued at US$160 million. Acreage will issue approximately 6.4 million Subordinate Voting Shares to Form Factory shareholders at a deemed price of US$25 per share. The transaction brings Form Factory's expertise as a one-stop-shop for developing, manufacturing, and distributing cannabis products of any form factor to Acreage's 19-state footprint of growing, manufacturing and distributing cannabis-based consumer and medical products. It sets the stage for Acreage to become the first national cannabis Consumer Packaged Goods (CPG) company, capable of creating and distributing predictable and scalable proprietary brands, nationally, delivering those capabilities on a contract basis to other cannabis brands, and offering a turnkey cannabis industry solution to traditional non-cannabis CPG companies like Nestle, Mars or Procter & Gamble.

"Creating a wide range of products that meet the diversified tastes of consumers and owning the national manufacturing and distribution platform to ensure their consistent and predictable delivery on a national basis is a key to long-term success and value creation in the cannabis industry," said Kevin Murphy, Founder, Chairman, and Chief Executive Officer of Acreage Holdings. He continued, "With this acquisition, we are now positioned to be both the first and only national cannabis CPG company and distribution platform in the U.S. cannabis industry.
The combination of the largest U.S. operational footprint, combined with the unique food and beverage manufacturing capabilities of Form Factory sets us on a direct path to become the Procter & Gamble of cannabis."

KEY HIGHLIGHTS:

- Acreage will acquire Form Factory, a leading commercial manufacturer of cannabis infused edibles and beverages, in an all-stock transaction valued at $160 million using common stock at the Reverse Take Over listed price of $25.00 per share.

- The transaction will establish Acreage as the only national contract manufacturer of branded cannabis products, to serve both cannabis companies and traditional, non- cannabis CPG companies.
- Form Factory's capabilities dramatically accelerate our product ambition, bringing a broader range of product to market for today's and tomorrow's discerning cannabis consumers.
- The transaction will enable Acreage to develop, manufacture and distribute its own predictable and scalable "family of brands."
- The transaction is expected to be revenue accretive in 2019, and EBITDA accretive in 2020.
- The transaction is expected to close in the first quarter of 2019.
- Combined, the transaction increases Acreage's number of states with operating licenses to 19 from 18, with a total addressable market of nearly $14 billion in 2022 projected legal cannabis sales, according to Arcview Market Research, and a total population of 172 million.

"We are thrilled to be joining the Acreage family," said Tony Bash, co-founder & Co-CEO of Form Factory, Inc. "The merger with Acreage represents the fulfillment of the vision we had when we founded Form Factory. With Acreage, our mission to create the largest supplier of trusted cannabis products in the world will accelerate, providing all people with access to the benefits of cannabis."

Josh Held, co-founder and President of Form Factory continued "Form Factory's innovative and proprietary delivery systems, combined with Acreage's massive scale will ensure that we become a trusted partner enabling national brands to thrive."

Todd Boren, Co Founder and Co-CEO of Form Factory and Managing Partner of MacArthur Investments, the largest shareholder of Form Factory, added "We embarked on this journey because we believed in the team at Form Factory and knew they were among the best in the world. Our merger with Acreage reflects the same confidence in their team and ensures we can continue to relentlessly innovate the science driving the cannabis industry to provide brands and consumers with safe, efficient and consistent product formulations."

SUMMARY OF TERMS:

Based on the deemed issue price of US$25 per share, the total transaction is valued at US$160 million. Specifically, through Form Factory, Acreage will acquire the following tangible assets:

- Grow/processing licenses and operations in Portland, Oregon, and Los Angeles and Oakland, California.
- Management services contract for the Washington contract manufacturing business.
- All intellectual property

60% of the consideration paid to Form Factory's employees, including its management, or 24% of the total consideration, is subject to a 24-month vesting period, ensuring alignment of interests with both companies as we execute the plan. Key employees will be required to sign non-compete and employment agreements. Completion of the acquisition is subject to customary closing conditions, including obtaining Form Factory shareholder approval and the listing of the Subordinate Voting Shares to be issued as consideration on the Canadian Securities Exchange (the "CSE"). Listing of such shares is subject to the Company satisfying all requirements of the CSE.

The company expects the acquisition to be revenue accretive in 2019 and EBITDA accretive in 2020.

The deal was approved unanimously by the boards of directors for both Acreage Holdings and Form Factory.

TRANSACTION CALL DETAILS

Acreage Holdings will host a call with management on Thursday, December 6th at 10:00 AM Eastern Standard Time. The call can be heard via webcast, which can be accessed on the investor relations portion of Acreage's website at www.investors.acreageholdings.com.

A presentation with more details of the transaction may be viewed on the investor relations portion of our website at www.investors.acreageholdings.com.

ABOUT ACREAGE HOLDINGS

Headquartered in New York City, Acreage Holdings is the largest vertically integrated, multi- state owner of cannabis licenses and assets in U.S. states with respect to number of states with operating licenses. With operating licenses in 19 states, serving a population of more than 172 million Americans, and an estimated 2022 total addressable market of approximately $14 billion in legal cannabis sales according to Arcview Market Research. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

ABOUT FORM FACTORY

Headquartered in Portland, Oregon, Form Factory is a cannabis manufacturer, co-packer, and distributor with operations in Oregon and Washington, and plans to expand in California. The company represents the combination of *Gesundheit Foods*, a commercial food grade co-packing company and *Made By Science*, and Intellectual Property portfolio for micro and macro emulsion that provides purposefully differentiated onset times based on brand and product promises.

FORWARD LOOKING STATEMENTS

This news release contains “forward-looking information” within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward- looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein are forward looking information. Specifically, all statements with regard to the anticipated financial results of the acquisition and the effect of the acquisition on Acreage’s business are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects the current beliefs of Acreage and is based on information currently available to Acreage and on assumptions that Acreage believes are reasonable. These assumptions include, but are not limited to, the assumption that the transaction will close, and the anticipated timing of closing. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Acreage to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting Acreage; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labor or loss of key individuals and the other factors identified in Acreage’s Listing Statement dated November 14, 2018 and filed under the company’s profile on SEDAR.

Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Acreage as of the date of this news release and, accordingly, is subject to change after such date. However, Acreage expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

# # #

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Exhibit 99.53

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

By and Among

ACREAGE HOLDINGS, INC.,

WONKA MERGER SUB, INC.,
FORM FACTORY, INC.

and

MacArthur Investments, LLC,
as the Stockholder Representative

Dated as of December 5, 2018

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "*Agreement*"), is entered into as of December 5, 2018, by and among Form Factory, Inc., a Delaware corporation (the "*Company*"), Acreage Holdings, Inc., a British Columbia company ("*Parent*"), Wonka Merger Sub, Inc., a Delaware corporation and a wholly owned Subsidiary of Parent ("*Merger Sub*"), and MacArthur Investments, LLC, an Oregon limited liability company, solely in its capacity as the Stockholder Representative (as defined herein) pursuant to the terms of this Agreement. Capitalized terms used herein (including in the immediately preceding sentence) and not otherwise defined herein shall have the meanings set forth in Section 10.1 hereof.

RECITALS

WHEREAS, the parties intend that Merger Sub be merged with and into the Company, with the Company surviving that merger on the terms and subject to the conditions set forth herein;

WHEREAS, the Board of Directors of the Company (the "*Company Board*") has unanimously: (a) determined that it is in the best interests of the Company and the holders of shares of (i) the Company's common stock, par value $0.0001 per share (the "*Company Common Stock*") and (ii) the Company's preferred stock, par value $0.0001 per share (the "*Company Preferred Stock*" and, together with the Company Common Stock, the "*Company Stock*"), and declared it advisable, to enter into this Agreement with Parent and Merger Sub; (b) approved the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Merger; and (c) resolved, subject to the terms and conditions set forth in this Agreement, to recommend adoption of this Agreement by the stockholders of the Company; in each case, in accordance with the Delaware General Corporation Law (the "*DGCL*");

WHEREAS, the respective Boards of Directors of Parent (the "*Parent Board*") and Merger Sub (the "*Merger Sub Board*") have each unanimously: (a) determined that it is in the best interests of Parent or Merger Sub, as applicable, to enter into this Agreement, (b) in the case of Merger Sub, determined that it is in the best interests of its stockholder and declared it advisable, to enter into this Agreement; and (c) approved the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby, including the Merger; in the case of Parent, in accordance with the Business Corporations Act (British Columbia), and in the case of Merger Sub, in accordance with the DGCL;

WHEREAS, prior to the date hereof, Parent deposited an amount equal to US$10,000,000 (the "*Deposit*") into a segregated account of Parent at Park Bank and bearing account number ending in 3548, which Deposit and its release shall be governed by this Agreement;

WHEREAS, for U.S. federal income Tax purposes, the parties intend that the Merger qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "*Code*"), and that this Agreement be, and is hereby, adopted as a plan of reorganization within the meaning of Section 368(a) of the Code;

WHEREAS, in order to induce Parent and Merger Sub to enter into this Agreement, promptly following the execution and delivery of this Agreement, the Company shall use its reasonable best efforts to obtain (and deliver to Parent and Merger Sub) duly executed written consents, in accordance with Section 228 of the DGCL, executed and delivered by (i) the holders of a majority of the voting power of the outstanding shares of Company Common Stock and Company Preferred Stock, consenting together as a single class on an as-converted to Company Common Stock basis, (ii) the holders of a majority of the Company Preferred Stock then outstanding, consenting separately as a class, and (iii) the holders of at least 51% of the shares of Company Common Stock then issued or issuable upon conversion of the shares of Company Preferred Stock, consenting together as a single class, approving and adopting this Agreement and the transactions contemplated hereby, including the Merger, which consents, in the aggregate, shall be sufficient for, and shall constitute, the adoption of this Agreement (including the Merger) pursuant to Section 251 of the DGCL (the "*Stockholder Approval*"); and

WHEREAS, the parties desire to make certain representations, warranties, covenants, and agreements in connection with the Merger and the other transactions contemplated by this Agreement and also to prescribe certain terms and conditions to the Merger (as defined below).

NOW, THEREFORE, in consideration of the foregoing and of the representations, warranties, covenants, and agreements contained in this Agreement, the parties, intending to be legally bound, agree as follows:

ARTICLE I
THE MERGER

Section 1.1 The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, at the Effective Time: (a) Merger Sub will merge with and into the Company (the "*Merger*"); (b) the separate corporate existence of Merger Sub will cease; and (c) the Company will continue its corporate existence under the DGCL as the surviving corporation in the Merger and a wholly-owned Subsidiary of Parent (sometimes referred to herein as the "*Surviving Corporation*").

Section 1.2 Closing. Upon the terms and subject to the conditions set forth herein, the closing of the Merger (the "*Closing*") will take place at 10:00 a.m., New York City time, as soon as practicable (and, in any event, within two (2) Business Days) after the satisfaction or, to the extent permitted hereunder, waiver of all conditions to the Merger set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted hereunder, waiver of all such conditions), unless this Agreement has been terminated pursuant to its terms or unless another time or date is agreed to in writing by the parties hereto. The Closing shall take place via the electronic exchange of documents and signatures or through such other means as agreed to by the parties hereto in writing, and the actual date of the Closing is hereinafter referred to as the "*Closing Date*."

Section 1.3 Effective Time. Subject to the provisions of this Agreement, at the Closing, the Company, Parent, and Merger Sub will cause a certificate of merger (the "*Certificate of Merger*") to be executed, acknowledged, and filed with the Secretary of State of the State of Delaware in accordance with the relevant provisions of the DGCL and shall pay all filing fees and make all other filings or recordings required under the DGCL. The Merger will become effective at such time as the Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware or at such later time as may be agreed by the Company and Parent in writing and specified in the Certificate of Merger in accordance with the DGCL (the effective time of the Merger being hereinafter referred to as the "*Effective Time*").

Section 1.4 Effects of the Merger. The Merger shall have the effects set forth in this Agreement and in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, from and after the Effective Time, all property, rights, privileges, immunities, powers, franchises, licenses, and authority of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions, and duties of each of the Company and Merger Sub shall become the debts, liabilities, obligations, restrictions, and duties of the Surviving Corporation.

Section 1.5 Certificate of Incorporation; By-Laws. At the Effective Time: (a) the certificate of incorporation of the Surviving Corporation shall be amended and restated so as to read in its entirety as set forth in Exhibit A and, as so amended and restated, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended in accordance with the terms thereof or as provided by applicable Law; and (b) the by-laws of Merger Sub as in effect immediately prior to the Effective Time shall be the by-laws of the Surviving Corporation, except that references to Merger Sub's name shall be replaced with references to the Surviving Corporation's name, until thereafter amended in accordance with the terms thereof, the certificate of incorporation of the Surviving Corporation, or as provided by applicable Law.

Section 1.6 Directors and Officers. The parties shall take all required actions such that the directors and officers of Merger Sub, in each case, immediately prior to the Effective Time shall, from and after the Effective Time, be the directors and officers, respectively, of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation, or removal in accordance with the certificate of incorporation and by-laws of the Surviving Corporation.

ARTICLE II
EFFECT OF THE MERGER ON CAPITAL STOCK; EXCHANGE OF CERTIFICATES

Section 2.1 Effect of the Merger on Capital Stock. At the Effective Time, as a result of the Merger and without any action on the part of Parent, Merger Sub, or the Company or the holder of any capital stock of Parent, Merger Sub, or the Company:

(a) *Cancellation of Certain Company Stock*. Each share of Company Stock that is owned by Parent or the Company (as treasury stock or otherwise) or any of their respective direct or indirect wholly owned Subsidiaries as of immediately prior to the Effective Time (the "*Canceled Shares*") will automatically be canceled and retired and will cease to exist, and no consideration will be delivered in exchange therefor.

(b) *Conversion of Company Stock and Company Stock Options*. Subject to Section 2.1(g), and, in the case of Company Stock issued and outstanding immediately prior to the Effective Time, subject to the holdback described in Section 2.3(a)(ii), Section 2.3(a)(iii), and Section 5.9(b), each share of (i) Company Stock issued and outstanding immediately prior to the Effective Time (other than Canceled Shares and Dissenting Shares) and (ii) Company Common Stock issuable pursuant to any Company Stock Option will, in each case, be converted into the right to receive: (A) a number of shares of Parent's Subordinate Voting Shares (the "*Parent Stock*") determined in accordance with the Exchange Ratio (the "*Merger Consideration*"); and (B) any cash in lieu of fractional shares of Parent Stock payable pursuant to Section 2.1(f), in each case as set forth on the Merger Consideration Schedule to be attached hereto as Schedule 2.1(b) at least two (2) Business Days before the Closing and setting for the number of shares of Company Stock outstanding, the number of Company Stock Options outstanding, the of shares of Parent Stock and cash payable to each Company Securityholder, and each Company Securityholder's Pro Rata Portion and respective share of the Stockholder Representative Fund Shares and the Holdback Shares.

(c) *Exchange Ratio; Merger Consideration*. For purposes of this Section 2.1, the following terms shall have the following meanings:

(i) "*Exchange Ratio*" shall mean, for each share of Company Common Stock and each Company Stock Option, the quotients obtained by dividing the applicable Company Per Share Merger Consideration by US$25.00;

(ii) "*Company Per Share Merger Consideration*" shall be computed separately for Company Stock and Company Stock Options and, for each, shall mean the sum of (A) the quotient obtained by dividing the Aggregate Closing Date Merger Consideration by the sum of the number of outstanding shares of Company Stock and the number of shares of Company Common Stock issuable upon the exercise of outstanding Company Options, each as set forth on the Merger Consideration Schedule; and (B) with respect to the Company Stock only, adding the quotient obtained by dividing the Company Stock Option Exercise Amount by the number of shares of Company Stock outstanding as set forth on the Merger Consideration Schedule; and (C) with respect to the Company Stock Options only, subtracting the quotient obtained by dividing the Company Stock Option Exercise Amount by the number of shares of Company Common Stock issuable upon the exercise of outstanding Company Stock Options as set forth on the Merger Consideration Schedule, in each case, computing to the second decimal place;

(iii) "*Aggregate Closing Date Merger Consideration*" shall be an amount equal to US$160,000,000 minus (A) the Estimated Closing Indebtedness and minus (B) the Estimated Company Transaction Expenses.

(d) *Cancellation of Shares*. At the Effective Time, all shares of Company Stock will no longer be outstanding and all shares of Company Stock will be canceled and retired and will cease to exist, and each holder of: (i) a certificate formerly representing any shares of Company Stock, or an agreement or certificate representing a Company Stock Option (each, a "Certificate"); or (ii) any book-entry shares or Direct Registration Confirmations which immediately prior to the Effective Time represented shares of Company Stock (each, a "Book-Entry Share") will cease to have any rights with respect thereto, except the right to receive (A) the Merger Consideration in accordance with Section 2.3 hereof, (B) any cash in lieu of fractional shares of Parent Stock payable pursuant to Section 2.1(f), and (C) any dividends or other distributions to which the holder thereof becomes entitled to upon the surrender of such shares of Company Common Stock in accordance with Section 2.3(g).

(e) *Conversion of Merger Sub Capital Stock*. Each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one newly issued, fully paid, and non- assessable share of common stock, par value $0.01 per share, of the Surviving Corporation following the Merger with the same rights, powers, and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Corporation. From and after the Effective Time, all certificates representing shares of Merger Sub Common Stock shall be deemed for all purposes to represent the number of shares of common stock of the Surviving Corporation into which they were converted in accordance with the immediately preceding sentence.

(f) *Fractional Shares*. No certificates or scrip representing fractional shares of Parent Stock shall be issued upon the conversion of Company Stock pursuant to Section 2.1(b) and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a holder of shares of Parent Stock. Notwithstanding any other provision of this Agreement, each holder of shares of Company Stock or Company Stock Options converted pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of Parent Stock (after taking into account all shares of Company Stock exchanged by such holder) shall in lieu thereof, upon surrender of such holder's Certificates and Book-Entry Shares, receive from Parent in cash (rounded to the nearest whole cent), without interest, an amount equal to such fractional amount multiplied by the Company Per Share Merger Consideration.

(g) *Vesting*. Sixty percent (60%) of the shares of Parent Stock issuable to those employees of the Company set forth on Section 2.1(g) of the Company Disclosure Schedule shall be subject to a twenty-four (24) month vesting period and shall be subject to the terms of the Restricted Stock Agreement attached hereto as Exhibit B.

(h) *Legend*. Shares of Parent Stock issued pursuant to this Agreement are deemed "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act of 1933, as amended, and shall bear the U.S. restricted legend below:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO ACREAGE HOLDINGS, INC. (THE "COMPANY"), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS IN THE UNITED STATES, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY."

Section 2.2 Payments at Closing.

(a) *Closing Date Indebtedness*. Not fewer than three (3) Business Days prior to the anticipated Closing Date, the Company shall deliver to Parent the Company's good faith estimate of all Closing Date Indebtedness as of the anticipated Closing Date pursuant to the instruments listed on Section 2.2(a) of the Company Disclosure Schedule ("*Estimated Closing Indebtedness*"), including the names of each Person to which such Indebtedness is owed (each, a "*Pay-Off Lender*"), the amounts owed to each Pay-Off Lender and payoff letters evidencing the aggregate amount of Indebtedness outstanding as of the Closing Date (including any interest accrued thereon and any prepayment or similar penalties and expenses associated with the prepayment of such Indebtedness on the Closing Date). Such payoff letters shall state that, if such aggregate amount so identified is paid in accordance with such payoff letters on the Closing Date, the Estimated Closing Indebtedness shall be repaid in full and that all Encumbrances shall be released. At the Closing, Parent, on behalf of the Company shall pay (or cause to be paid), by wire transfer of immediately available funds to such account or accounts as the Pay-Off Lenders specify, the amount of cash necessary to satisfy and extinguish in full the Estimated Closing Indebtedness as specified in the payoff letters.

(b) *Fees and Expenses*. At the Closing, Parent shall pay (or cause to be paid) the Estimated Company Transaction Expenses by wire transfer of immediately available funds to such account or accounts specified by the Company not less than three (3) days prior to the Closing Date.

Section 2.3 Exchange Procedures.

(a) *Exchange Agent; Exchange Fund; Escrow*.

(i) Exchange Agent; Exchange Fund. Prior to the Effective Time, Parent shall appoint Odyssey Trust Company as the exchange agent (the "*Exchange Agent*") to act as the agent for the purpose of paying the Merger Consideration pursuant to an Exchange Agent Agreement between the Stockholder Representative, Parent and Exchange Agent (the "*Exchange Agent Agreement*"). At the Effective Time, Parent shall deposit, or cause to be deposited, with the Exchange Agent: (A) certificates representing the shares of Parent Stock to be issued as Closing Date Merger Consideration (or make appropriate alternative arrangements if uncertificated shares of Parent Stock represented by book-entry shares will be issued); and (B) cash sufficient to make payments in lieu of fractional shares pursuant to Section 2.1(f). In addition, Parent shall deposit or cause to be deposited with the Exchange Agent, as necessary from time to time after the Effective Time, any dividends or other distributions, if any, to which the holders of Company Stock or Company Stock Options may be entitled pursuant to Section 2.3(g) for distributions or dividends, on the Parent Stock to which they are or may be entitled to pursuant to Section 2.1(b), with both a record and payment date after the Effective Time and prior to the surrender of the Company Stock or Company Stock Options in exchange for such Parent Stock. Such cash and shares of Parent Stock, together with any dividends or other distributions deposited with the Exchange Agent pursuant to this Section 2.3(a), are referred to collectively in this Agreement as the "*Exchange Fund*."

(ii) Escrow Fund. At or before the Effective Time, Parent shall deposit the shares of Parent Stock to be issued as Holdback Shares (or make appropriate alternative arrangements if uncertificated shares of Parent Stock represented by book-entry shares will be issued) with Odyssey Trust Company as the escrow agent (the "*Escrow Agent*") to be held in accordance with the terms and conditions of an Escrow Agreement in form and substance mutually agreeable to the Stockholder Representative and Parent (the "*Escrow Agreement*"), which Holdback Shares shall serve as the source, but not the sole source, for effecting payment and satisfaction of any indemnification obligations of the Company Indemnitors as more fully described in this Agreement. Any shares of Parent Stock released from the Holdback Shares pursuant to this Agreement and the Escrow Agreement to pay a Post-Closing Adjustment to Parent under Section 2.9(f)(i) or to satisfy any indemnification obligations of Company Indemnitors under Article IX will reduce the number of shares of Parent Stock of each holder of Company Stock included in the Holdback Shares on a pro rata basis. The Indemnification Holdback Shares shall be released in one-third increments on each of the six (6), twelve (12), and eighteen (18) month anniversaries of the Closing pursuant to the Escrow Agreement, in each case less the aggregate amount of any outstanding and unresolved indemnity claims, as more fully described in the Escrow Agreement. The Tax Indemnification Holdback Shares, which are being held for purposes of satisfying indemnification claims under Section 9.2(e), will be released to the Company Securityholders or the Parent, as applicable, on the first to occur of (A) final resolution of the matters subject to indemnification under Section 9.2(e) of the Company Disclosure Schedule, and (B) three (3) years after the Closing Date.

(iii) Stockholder Representative Fund. At or before the Effective Time, Parent shall deposit the shares of Parent Stock to be issued as Stockholder Representative Fund Shares (or make appropriate alternative arrangements if uncertificated shares of Parent Stock represented by book-entry shares will be issued) to the account or accounts designated in writing by the Stockholder Representative.

(b) *Procedures for Surrender; No Interest*.

(i) No later than two (2) Business Days following the Effective Time (or, after the Letter of Transmittal has been mutually agreed as provided below, at such earlier time as may be requested by the Stockholder Representative), Parent shall send, or shall cause the Exchange Agent to send, to each record holder of shares of Company Stock and Company Stock Options at the Effective Time, whose Company Stock or Company Stock Option was converted pursuant to Section 2.1(b) into the right to receive the Merger Consideration, a letter of transmittal (a "*Letter of Transmittal*") and instructions (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the Certificates or transfer of the Book-Entry Shares to the Exchange Agent, and which Letter of Transmittal will be in customary form and have such other provisions as the Stockholder Representative, Parent and the Surviving Corporation may reasonably specify and otherwise be form and substance mutually acceptable to Parent and Stockholder Representative) for use in such exchange. Each holder of shares of Company Stock and Company Stock Options that have been converted into the right to receive the Merger Consideration shall be entitled to receive the Merger Consideration into which such shares of Company Stock and Company Stock Options have been converted pursuant to Section 2.1(b) in respect of the Company Stock and Company Stock Options represented by a Certificate or Book-Entry Share, any cash in lieu of fractional shares which the holder has the right to receive pursuant to Section 2.1(f), and any dividends or other distributions pursuant to Section 2.3(g) within two (2) Business Days of: (i) surrender to the Exchange Agent of a Certificate; or (ii) receipt of an "agent's message" by the Exchange Agent (or such other evidence, if any, of transfer as the Exchange Agent may reasonably request) in the case of Book-Entry Shares; in each case, together with a duly completed and validly executed Letter of Transmittal and such other documents as may reasonably be requested by the Exchange Agent. No interest shall be paid or accrued upon the surrender or transfer of any Certificate or Book-Entry Share. Upon payment of the Merger Consideration pursuant to the provisions of this Article II, each Certificate or Certificates or Book-Entry Share or Book-Entry Shares so surrendered or transferred, as the case may be, shall immediately be canceled. If a holder of Company Stock provides the required documentation to the Exchange Agent at least two (2) Business Days prior to the Closing Date, and such holder is the record holder as of the Closing Date, then the holder of such Certificate shall be paid on the Closing Date in exchange therefor the Merger Consideration such holder is entitled to as set forth on the Merger Consideration Schedule. Until surrendered as contemplated by this Section 2.3(b), each Certificate (other than Dissenting Shares) shall at any time after the Effective Time represent solely the right to receive upon such surrender the consideration payable in respect of such Certificate pursuant to this Agreement.

(c) *Investment of Exchange Fund*. Until disbursed in accordance with the terms and conditions of this Agreement, the cash in the Exchange Fund will be invested by the Exchange Agent, as directed by Parent or the Surviving Corporation. No losses with respect to any investments of the Exchange Fund will affect the amounts payable to the holders of Certificates or Book-Entry Shares. Any income from investment of the Exchange Fund will be payable to Parent or the Surviving Corporation, as Parent directs.

(d) *Payments to Non-Registered Holders*. If any portion of the Merger Consideration is to be paid to a Person other than the Person in whose name the surrendered Certificate or the transferred Book-Entry Share, as applicable, is registered, it shall be a condition to such payment that: (i) such Certificate shall be properly endorsed or shall otherwise be in proper form for transfer or such Book-Entry Share shall be properly transferred; and (ii) the Person requesting such payment shall pay to the Exchange Agent any transfer or other Tax required as a result of such payment to a Person other than the registered holder of such Certificate or Book-Entry Share, as applicable, or establish to the reasonable satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(e) *Full Satisfaction*. All Merger Consideration paid upon the surrender of Certificates or transfer of Book-Entry Shares in accordance with the terms hereof shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Stock or Company Stock Options formerly represented by such Certificate or Book-Entry Shares, and from and after the Effective Time, there shall be no further registration of transfers of shares of Company Stock on the stock transfer books of the Surviving Corporation. If, after the Effective Time, Certificates or Book-Entry Shares are presented to the Surviving Corporation, they shall be canceled and exchanged as provided in this Article II.

(f) *Termination of Exchange Fund.* Any portion of the Exchange Fund that remains unclaimed by the holders of shares of Company Stock six (6) months after the Effective Time shall be returned to Parent, upon demand, and any such holder who has not exchanged shares of Company Stock for the Merger Consideration in accordance with this Section 2.3 prior to such time shall thereafter look only to Parent (subject to abandoned property, escheat, or other similar Laws), as general creditors thereof, for payment of the Merger Consideration without any interest. Notwithstanding the foregoing, Parent shall not be liable to any holder of shares of Company Stock for any amounts paid to a public official pursuant to applicable abandoned property, escheat, or similar Laws. Any amounts remaining unclaimed by holders of shares of Company Stock two years after the Effective Time (or such earlier date, immediately prior to such time when the amounts would otherwise escheat to or become property of any Governmental Entity) shall become, to the extent permitted by applicable Law, the property of Parent free and clear of any claims or interest of any Person previously entitled thereto.

(g) *Distributions with Respect to Unsurrendered Shares of Company Stock*. All shares of Parent Stock to be issued pursuant to the Merger shall be deemed issued and outstanding as of the Effective Time and whenever a dividend or other distribution is declared by Parent in respect of the Parent Stock, the record date for which is after the Effective Time, that declaration shall include dividends or other distributions in respect of all shares issuable pursuant to this Agreement. No dividends or other distributions in respect of the Parent Stock shall be paid to any holder of any unsurrendered shares of Company Stock or Company Stock Options until the Certificate (or affidavit of loss in lieu of the Certificate as provided in Section 2.7) or Book-Entry Share is surrendered for exchange in accordance with this Section 2.3. Subject to the effect of applicable Laws, following such surrender, there shall be issued or paid to the holder of record of the whole shares of Parent Stock issued in exchange for shares of Company Stock or Company Stock Options in accordance with this Section 2.3, without interest: (i) at the time of such surrender, the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such whole shares of Parent Stock and not paid; and (ii) at the appropriate payment date, the dividends or other distributions payable with respect to such whole shares of Parent Stock with a record date after the Effective Time but with a payment date subsequent to surrender.

(h) *Appraisal Rights*. Notwithstanding anything in this Agreement to the contrary, any holder of shares of Company Stock that are issued and outstanding immediately prior to the Effective Time who, in accordance with Section 262 of the DGCL (the "*Appraisal Rights Provisions*") (i) does not consent in the Stockholder Approval to adopt and approve this Agreement and the Merger, (ii) does not submit a letter of transmittal to the Exchange Agent and (iii) demands properly in writing appraisal for such shares, and does not withdraw, lose or fail to perfect their rights to appraisal (collectively, the "*Dissenting Shares*"), will not be converted as described in Section 2.1, but at the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, shall be cancelled and shall cease to exist and shall represent the right to receive only those rights provided under the Appraisal Rights Provisions; *provided*, *however*, that all shares of Company Stock held by a holder of Company Stock who, following the Effective Time, shall fail to perfect or who effectively shall waive, withdraw or lose their rights to appraisal of such Dissenting Shares under the Appraisal Rights Provisions shall thereupon be deemed to cease to be Dissenting Shares and shall be deemed to have been cancelled and retired and to have been converted, as of the Effective Time, into the right to receive the consideration, if any, payable on such share of Company Stock pursuant to this Agreement, without interest, in the manner provided in Section 2.1. Persons who have perfected statutory rights with respect to Dissenting Shares as aforesaid will not be paid by the Exchange Agent as provided in this Agreement and will have only such rights as are provided by the Appraisal Rights Provisions with respect to such Dissenting Shares.

(i) Each dissenting holder of Company Stock who becomes entitled under the Appraisal Rights Provisions to payment for Dissenting Shares shall receive payment therefor after the Effective Time from the Surviving Corporation (but only after the amount thereof shall have been agreed upon or finally determined pursuant to the Appraisal Rights Provisions), and such shares of Company Stock shall be canceled.

(j) As soon as practicable following the Effective Time and, in any event, within one (1) Business Day following the Effective Time, the Surviving Corporation shall distribute a notice to the holders of Company Stock entitled thereto pursuant to the DGCL.

Section 2.4 Closing Deliverables.

(a) At or prior to the Closing, the Company shall deliver to Parent the following:

(i) resignations of the directors and officers of the Company pursuant to Section 5.7;

(ii) a certificate, dated the Closing Date and signed by a duly authorized officer of the Company, that each of the conditions set forth in Section 7.2(a) and Section 7.2(b) have been satisfied;

(iii) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Company certifying that (A) attached thereto are true and complete copies of (1) all resolutions adopted by the Company Board authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby and (2) the Stockholder Approval, and (B) all such resolutions are in full force and effect, unamended and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby;

(iv) a good standing certificate from the Secretary of State of the State of Delaware;

(v) at least three (3) Business Days prior to the Closing, the Estimated Schedule;

(vi) the FIRPTA Statement;

(vii) employment offer letters for each of Todd Boren, Tony Bash, Josh Held, Dave Stoklosa and Teresa Virgalito in the form of Exhibit C attached hereto, duly executed by each such employee;

(viii) restrictive covenant agreements with each of the Persons listed on Schedule 2.4 in the form of Exhibit D attached hereto, duly executed by each such Person;

(ix) termination of employment agreements, duly executed by each of Tony Bash, Todd Boren, Josh Held, Charles Harrell, Brent Adam and Teresa Virgallito, which termination agreements shall be as agreed to by Parent and which shall include an unconditional waiver and release by each individual of any rights to severance or any other payments of any kind or nature by the Company or any Affiliate of the Company arising from such individual's termination of employment;

(x) evidence satisfactory to Parent that the individuals listed in Section 2.1(g) of the Company Disclosure Schedule have been added to the payroll of the Company effective as of January 1, 2019;

(xi) evidence satisfactory to Parent that the Company owns 100% of each of its Subsidiaries;

(xii) a schedule in form and substance satisfactory to Parent setting forth, for each holder of Company Stock Options, the total amount of all applicable Taxes that are required to be withheld and remitted to any Governmental Entity in connection with the cancellation of Company Stock Options in exchange for Parent Stock pursuant to the terms of this Agreement;

(xiii) each holder of a Company Stock Option shall have executed and delivered an option cancellation agreement in form and substance reasonably acceptable to Company and Parent providing for the cancellation of the Company Stock Option held by such holder; and

(xiv) such other documents or instruments as Parent reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) At the Closing, Parent shall deliver to the Company (or such other Person as may be specified herein) the following:

(i) payment to each Pay-Off Lender by wire transfer of immediately available funds an amount equal to the Estimated Closing Indebtedness owing from the Company to such Pay-Off Lender as set forth on the Estimated Schedule;

(ii) payment of third parties by wire transfer of immediately available funds that amount of money due and owing from the Company to such third parties as Company Transaction Expenses as set forth on the Estimated Schedule;

(iii) a certificate, dated the Closing Date and signed by a duly authorized officer of Company, that each of the conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied;

(iv) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Parent and Merger Sub certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Parent and Merger Sub authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby;

(v) the Exchange Agent Agreement duly executed by the parties thereto; and

(vi) such other documents or instruments as the Company reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 2.5 Adjustments. Without limiting the other provisions of this Agreement, if at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock of the Company or the Parent Stock shall occur (other than the issuance of additional shares of capital stock of the Company or Parent as permitted by this Agreement), including by reason of any reclassification, recapitalization, stock split (including a reverse stock split), or combination, exchange, readjustment of shares, or similar transaction, or any stock dividend or distribution paid in stock, the Exchange Ratio and any other amounts payable pursuant to this Agreement shall be appropriately adjusted to reflect such change; *provided, however*, that this sentence shall not be construed to permit Parent or the Company to take any action with respect to its securities that is prohibited by the terms of this Agreement.

Section 2.6 Withholding Rights. Each of the Exchange Agent, Parent, Merger Sub, and the Surviving Corporation shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Agreement such amounts as may be required to be deducted and withheld with respect to the making of such payment under any U.S. Tax Laws (including, without limitation, the withholding of Parent Stock payable to holders of Company Stock Options, with such shares of Parent Stock having a value therefor of $25.00 per share) and shall use proceeds of the sale of shares of Parent Stock to pay over such amounts to the proper Taxing authorities. Parent shall transfer cash to the Company or the Company's payroll agent, as applicable, to pay the employer's portion of any and all payroll Tax obligations arising from payments to holders of Company Stock Options. To the extent that the amounts are so deducted and withheld by the Exchange Agent, Parent, Merger Sub, or the Surviving Corporation, as the case may be, and paid over to the proper Taxing authorities, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which the Exchange Agent, Parent, Merger Sub, or the Surviving Corporation, as the case may be, made such deduction and withholding. Parent, Company, Merger Sub and Surviving Corporation shall cooperate with any Person with respect to which withholding has been made in such Person's seeking of any refund of Taxes withheld. To the extent any amount is withheld, the party withholding any such amount shall notify the Person from whom the amount is withheld.

Section 2.7 Lost Certificates. If any Certificate shall have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen, or destroyed and without the necessity to post a bond, the Exchange Agent will issue, in exchange for such lost, stolen, or destroyed Certificate, the Merger Consideration to be paid in respect of the shares of Company Common Stock formerly represented by such Certificate as contemplated under this Article II.

Section 2.8 Treatment of Stock Options and Other Stock Based Compensation.

(a) *Company Stock Options*. As of the Effective Time, each option to acquire shares of Company Common Stock (each, a "*Company Stock Option*") that is outstanding under any Company Stock Plan immediately prior to the Effective Time, whether or not then vested or exercisable, shall be accelerated and canceled and, in exchange and settlement therefor, each holder of a Company Stock Option shall be entitled to receive, subject to Section 2.1(g), the Merger Consideration set forth in Section 2.1(b). For the avoidance of doubt, the Merger Consideration issuable with respect to shares of Company Common Stock previously subject to Company Stock Options shall not be subject to the holdbacks described in Section 2.3(a)(ii), Section 2.3(a)(iii), and Section 5.9(b).

(b) *Resolutions and Other Company Actions*. At or prior to the Effective Time, the Company Board shall adopt any resolutions and take any actions (including obtaining any employee consents) that may be necessary to effectuate the provisions of Section 2.8(a).

Section 2.9 Merger Consideration Adjustment.

(a) *Pre-Closing Adjustment*.

(i) At least three (3) Business Days prior to the anticipated Closing Date, the Company shall prepare and deliver to Parent (A) a schedule (the "*Estimated Schedule*") which shall set forth, in reasonable detail, (I) the Estimated Closing Indebtedness, (II) a good faith estimate of the Company Transaction Expenses (the "*Estimated Company Transaction Expenses*"), (III) the amount and calculation of the Exchange Ratio, Company Per Share Merger Consideration and Aggregate Closing Date Merger Consideration based on the foregoing estimated amounts, and (IV) the amount of Merger Consideration payable at Closing to each holder of Company Stock and Company Stock Options, and (B) a certificate executed by the Chief Financial Officer of the Company certifying each of the foregoing. If, for any reason, the Closing Date is postponed, then the foregoing obligations shall again apply with respect to such postponed Closing Date.

(ii) The Company shall provide a reasonable level of supporting documentation for the Estimated Schedule and any additional information reasonably requested by Parent related thereto. To the extent that Parent disagrees in good faith with any items set forth on the Estimated Schedule, Parent may deliver written notice of its disagreement to the Company at least one (1) Business Day prior to the Closing Date, and Parent and the Company shall negotiate in good faith to resolve such disagreements prior to the Closing; provided, that, if any disagreement between Company and Parent as to such Estimated Schedule is not resolved by the Closing Date, the Estimated Schedule prepared by the Company, as revised to reflect any agreed changes thereto but not any changes thereto that are not agreed, shall be the Estimated Schedule for purposes of this Article II.

(b) *Post-Closing Adjustment*. Parent shall prepare and deliver to the Stockholder Representative, within thirty (30) days following the Closing Date, (i) a schedule setting forth Parent's calculation of (A)(I) the Closing Date Indebtedness (the "*Final Closing Indebtedness Calculation*"), (II) the Company Transaction Expenses (the "*Final Company Transaction Expenses Calculation*"), and (III) the amount and calculation of the Merger Consideration as set forth in Section 2.1(b) based on the foregoing amounts (the "*Final Merger Consideration Calculation*"), and (B) the amount determined by subtracting the Merger Consideration set forth on the Estimated Schedule from the Final Merger Consideration Calculation as finally determined (such positive or negative amount (if other than zero), the "*Post-Closing Adjustment Amount*"). The Final Closing Indebtedness Calculation, the Final Company Transaction Expenses Calculation, the Final Merger Consideration Calculation and the Post-Closing Adjustment Amount (collectively, the "*Final Calculations*") shall be prepared using the same accounting methods, policies and assumptions as were used to prepare the Estimated Schedule consistent with Section 2.9(h) below. If Parent does not give the Stockholder Representative the Final Calculations within such 30-day period, then the calculations contained in the Estimated Schedule shall be conclusive and binding upon Parent and the Company Securityholders and such calculations shall constitute the Final Calculations for purposes of Section 2.9(f) below.

(c) *Objection Notice*. On or prior to the thirtieth (30th) day following Parent's delivery of the Final Calculations, the Stockholder Representative may give Parent written notice stating the Stockholder Representative's objections (an "Objection Notice") to the Final Calculations. Such Objection Notice shall specify in reasonable detail the amount of any objection and the basis therefor. During such 30-day period, the Stockholder Representative shall have full access to the Surviving Corporation's books and records and its personnel and accountants as necessary for purposes of verifying the Final Calculations. Any determination set forth in the Final Calculations that is not objected to in an Objection Notice shall be deemed acceptable and shall be final and binding upon Parent and the Company Securityholders upon delivery of the Objection Notice. If the Stockholder Representative does not give Parent an Objection Notice within such 30-day period, then the Final Calculations shall be conclusive and binding upon Parent and the Company Securityholders and the Final Calculations shall constitute the Final Calculations for purposes of Section 2.9(f) below.

(d) *Independent Accountant*. Following Parent's receipt of any Objection Notice, the Stockholder Representative and Parent shall attempt to negotiate in good faith to resolve such dispute. In the event that the Stockholder Representative and Parent fail to agree on any of the Stockholder Representative's proposed adjustments set forth in the Objection Notice within thirty (30) days after Parent receives the Objection Notice, the Stockholder Representative and Parent agree that a nationally recognized accounting firm that is mutually acceptable to Parent and the Stockholder Representative (the "*Independent Accountant*") and is willing to serve as the Independent Accountant hereunder, shall, if and when requested to do so by either Parent or the Stockholder Representative in writing to the Independent Accountant with concurrent notice to the other party, make the final determination of the Final Calculations in accordance with the terms of this Agreement.

Parent and the Stockholder Representative each shall provide the Independent Accountant with their respective determinations of the Final Calculations and such other written submissions, presentations and supporting material as each of Parent and the Stockholder Representative deems necessary and appropriate. The Independent Accountant shall make a determination of the Final Calculations that shall be final and binding on the Company Securityholders and Parent and such determination shall be within the range proposed by Parent and the Stockholder Representative in the Final Calculations and the Objection Notice. The scope of the disputes to be resolved by the Independent Accountant shall be limited to whether such calculation was done in accordance with the terms hereof, the accounting methods, standards, policies, practices, classifications, estimation methodologies, assumptions, procedures or level of prudence used to prepare the Final Calculations, and whether there were mathematical errors in the calculation of any of the Final Calculations, and the Independent Accountant shall not make any other determination. The Independent Accountant shall make its determination based solely on written submissions, presentations and supporting material provided by Parent and the Stockholder Representative and not pursuant to any independent review.

The Independent Accountant shall act as an expert, not an arbitrator. The fees, costs and expenses of the Independent Accountant shall be allocated between Parent, on the one hand, and the Company Securityholders, on the other hand, based upon the percentage which the portion of the aggregate dollar value of the items set forth in the Objection Notice not awarded to Parent and the Stockholder Representative bears to the amount actually contested by such party. For example, if the Stockholder Representative claims that the appropriate adjustments are $1,000 greater than the amount determined by Parent and if the Independent Accountant ultimately resolves such items by awarding to the Stockholder Representative $300 of the $1,000 contested, then the fees, costs and expenses of the Independent Accountant will be allocated 30% (i.e., 300 ÷ 1,000) to Parent and 70% (i.e., 700 ÷ 1,000) to the Company Securityholders. During the review by the Independent Accountant, Parent, the Stockholder Representative and their respective representatives shall make available to the Independent Accountant interviews with such individuals and such information, books and records and work papers as may be reasonably required by the Independent Accountant to fulfill its obligations under this Section 2.9(d). The Independent Accountant's determination of the Final Calculations shall be treated as compromise and settlement negotiations for purposes of Rule 408 of the Federal Rules of Evidence and comparable state rules of evidence, and all negotiations, submissions to the Independent Accountant, and presentations under this Section 2.9(d) shall be treated as confidential information. The Independent Accountant shall be bound by a mutually agreeable confidentiality agreement. The decision rendered pursuant to this Section 2.9(d) may be filed as a judgment in any court of competent jurisdiction. Either party may seek specific enforcement or take other necessary legal action to enforce any decision under this Section 2.9(d). The other party's only defense to such a request for specific enforcement or other legal action shall be Fraud by or upon the Independent Accountant. Absent such Fraud, such other party shall reimburse the party seeking enforcement for all of its expenses related to the enforcement of the Independent Accountant's determination.

(e) *Settlement Date*. The date on which the Final Calculations are finally determined pursuant to this Section 2.9 shall hereinafter be referred to as the "*Settlement Date*."

(f) *Payment of Adjusted Amounts*.

(i) If the Post-Closing Adjustment Amount is negative, then such amount shall be satisfied by releasing from the Holdback Shares to Parent such number of Holdback Shares as is determined by dividing the Post-Closing Adjustment Amount by $25.00. To the extent the Post-Closing Adjustment Amount is payable to Parent but is less than $500,000, then shares of Parent Stock equal to (A) the difference between $500,000 and the Post-Closing Adjustment Amount divided by (B) $25.00, shall be released from the Holdback Shares and distributed by the Escrow Agent to the holders of Company Stock as set forth on the Merger Consideration Schedule.

(ii) If the Post-Closing Adjustment Amount is positive, then (A) such amount shall be payable to the Company Securityholders as set forth on the Merger Consideration Schedule in shares of Parent Stock at the Exchange Ratio, and (B) shares of Parent Stock equal to (1) the difference between $500,000 and the Post-Closing Adjustment Amount divided by (2) $25.00, shall be released from the Holdback Shares and distributed by the Escrow Agent to the holders of Company Stock as set forth on the Merger Consideration Schedule.

(g) *Deadline for Payment*. Any issuance or release of shares required to be made under Section 2.9 shall be made within seven (7) Business Days after the Settlement Date. The value of any shares issued or released pursuant to this Section 2.9(g) shall be treated by all parties hereto for Tax purposes as adjustments to the Aggregate Closing Date Merger Consideration.

(h) *Calculation Methodology*. The parties hereto agree that no amount shall be (or is intended to be) included, in whole or in part (either as an increase or a reduction), more than once in the calculation of the Final Calculations or any other calculated amount pursuant to this Agreement. All of the amounts set forth on the Estimated Schedule and the Final Calculations (and the individual elements thereof, as applicable) shall be determined in accordance with GAAP and on a basis consistent with the accounting practices and procedures used to prepare the Financial Statements for the 2017 fiscal year.

Section 2.10 Stockholder Representative.

(a) MacArthur Investments, LLC is hereby constituted to act as the agent, proxy, attorney-in-fact and representative for the Company Securityholders and their successors and assigns for all purposes under this Agreement (the "*Stockholder Representative*"), and the Stockholder Representative, by his signature below, agrees to serve in such capacity.

(b) The Stockholder Representative shall have the power and authority to take such actions on behalf of each Company Securityholder as the Stockholder Representative, in his sole judgment, may deem to be in the best interests of the Company Securityholders or otherwise appropriate on all matters related to or arising from this Agreement or any other Transaction Document. Such powers shall include:

(i) executing and delivering this Agreement, the other Transaction Documents, any certificates, consents and other documents contemplated by this Agreement, and any and all supplements, amendments, waivers or modifications thereto;

(ii) giving and receiving notices and other communications relating to this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby;

(iii) taking or refraining from taking any actions (whether by negotiation, settlement, litigation or otherwise) to resolve or settle all matters and disputes arising out of or related to this Agreement, including matters in Article IX, the other Transaction Documents and the performance or enforcement of the obligations, duties and rights pursuant to this Agreement and the other Transaction Documents;

(iv) taking all actions necessary or appropriate in connection with any disputes regarding the Estimated Schedule or the Final Calculations;

(v) engaging attorneys, accountants, financial and other advisors, paying agents and other persons necessary or appropriate, in the sole and absolute discretion of the Stockholder Representative in the performance of his duties under this Agreement and any other Transaction Documents; and

(vi) taking all actions necessary or appropriate in the judgment of the Stockholder Representative for the accomplishment of the foregoing.

(c) The power of attorney appointing the Stockholder Representative as attorney-in-fact is coupled with an interest and the death or incapacity of any Company Securityholder shall not terminate or diminish the authority and agency of the Stockholder Representative.

(d) In the event that the Stockholder Representative resigns, or is unable to serve, a replacement Stockholder Representative shall be appointed by a majority of the Company Securityholders based on the Pro Rata Portions, upon prior written notice to Parent. If a replacement Stockholder Representative is not appointed promptly after the prior Stockholder Representative's resignation or inability to serve, Parent shall be entitled to appoint a replacement Stockholder Representative to serve as such until the Company Securityholders appoint a replacement Stockholder Representative. The decisions and actions of any such replacement Stockholder Representative shall be, for all purposes, those of the Stockholder Representative as if originally named herein. The Stockholder Representative shall not be liable to the Company Securityholders for any action taken or omitted to be taken by the Stockholder Representative in his capacity as Stockholder Representative pursuant to the terms of this Agreement, except to the extent such action or omission shall have been determined by a court of competent jurisdiction in a final non-appealable judgment to have constituted intentional misconduct or Fraud.

All fees and expenses, including for attorneys, accountants and financial and other advisors, paying agents and other persons and insurance, in each case necessary or appropriate and engaged by the Stockholder Representative in the performance of his duties under this Agreement shall be paid from the Stockholder Representative Fund Shares, to the extent any funds remain in the Stockholder Representative Fund Shares, and thereafter by the Stockholder Representative, who shall be entitled to recover any such amounts from each Company Securityholder based on such holder's Pro Rata Portion (but in no event will any Company Securityholder be liable for such amounts in excess of the Pro Rata Portion of the Merger Consideration actually received by the Company Securityholder).

(e) The Company Securityholders shall, jointly and severally, indemnify, defend and hold harmless the Stockholder Representative and his heirs, representatives, successors and assigns, from and against any and all claims, demands, suits, actions, causes of action, losses, damages, obligations, liabilities, costs and expenses (including attorneys' fees and court costs) arising as a result of or incurred in connection with any actions taken or omitted to be taken by the Stockholder Representative pursuant to the terms of this Agreement, except to the extent such action or omission shall have been determined by a court of competent jurisdiction in a final non-appealable judgment to have constituted intentional misconduct or Fraud on the part of the Stockholder Representative; *provided*, that no Company Securityholder shall be liable to the Stockholder Representative pursuant to this Section 2.10(e) for any amount in excess of the portion of the Merger Consideration to which such Company Securityholder is entitled pursuant to this Article II. In addition, each Company Securityholder forever voluntarily releases and discharges the Stockholder Representative, his heirs, representatives, successors and assigns, from any and all claims, demands, suits, actions, causes of action, losses, damages, obligations, liabilities, costs and expenses (including attorneys' fees and court costs), whether known or unknown, anticipated or unanticipated, arising as a result of or incurred in connection with any actions taken or omitted to be taken by the Stockholder Representative pursuant to the terms of this Agreement, except to the extent such action or omission shall have been determined by a court of competent jurisdiction in a final non-appealable judgment to have constituted intentional misconduct or Fraud. The Stockholder Representative shall be entitled to recover from each Company Securityholder based on such holder's Pro Rata Portion, expenses (including attorneys' fees and court costs) incurred by the Stockholder Representative in defending any claim, demand, suit, action or cause of action.

(f) Each Company Securityholder agrees that Parent shall be entitled to rely, and shall be fully protected in relying, on any action taken, or any action not taken, by the Stockholder Representative, on behalf of such Company Securityholder, pursuant to this Section 2.10 (an "*Authorized Action*"), and that each Authorized Action shall be binding on each Company Securityholder as fully as if such Company Securityholder had taken such Authorized Action.

(g) Parent shall not be liable to any Stockholder Indemnitee for Losses sustained by any such Stockholder Indemnitee, to the extent arising out of or related to the performance of, or failure to perform by, the Stockholder Representative of its obligations set forth in this Agreement or any other Transaction Documents, as applicable, including with respect to the Stockholder Representative Fund Shares, nor shall the actions of, or the failure to act by, the Stockholder Representative be used as a defense against any claim for Losses made by a Parent Indemnitee pursuant to this Agreement or any other Transaction Documents.

Section 2.11 Tax Treatment. For U.S. federal income Tax purposes, it is intended that the Merger qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and the regulations promulgated thereunder, that this Agreement will constitute a "plan of reorganization" for purposes of Sections 354 and 361 of the Code.

Section 2.12 Line of Credit. On or before the date of this Agreement, the Line of Credit, in form and substance mutually agreed upon by the Company and Parent, shall have been duly executed by the parties thereto, shall be in place and in full force and effect, and funds thereunder shall be available to the Company. The Line of Credit shall in no way impact or reduce in any way the Merger Consideration.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the correspondingly numbered Sections of the Company Disclosure Schedules, the Company hereby represents and warrants to Parent and Merger Sub as follows:

Section 3.1 Organization; Standing and Power; Charter Documents; Subsidiaries.

(a) *Organization; Standing and Power*. The Company and each of its Subsidiaries is a corporation, limited liability company, or other legal entity duly organized, validly existing, and in good standing (to the extent that the concept of "good standing" is applicable) under the Laws of its jurisdiction of organization, and has the requisite corporate, limited liability company, or other organizational power and authority to own, lease, and operate its assets and to carry on its business as now conducted. The Company and each of its Subsidiaries is duly qualified or licensed to do business as a foreign corporation, limited liability company, or other legal entity (as applicable) and is in good standing (to the extent that the concept of "good standing" is applicable) in each jurisdiction where the character of the assets and properties owned, leased, or operated by it or the nature of its business makes such qualification or license necessary, except, in each case, where the failure to be so qualified or licensed or to be in good standing would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) *Charter Documents*. The Company has delivered or made available to Parent a true and correct copy of the Charter Documents of the Company and each of its Subsidiaries. Neither the Company nor any of its Subsidiaries is in violation of any of the provisions of its Charter Documents.

(c) *Subsidiaries*. Section 3.1(c) of the Company Disclosure Schedules lists each of the Subsidiaries of the Company as of the date hereof and its place of organization. Section 3.1(c) of the Company Disclosure Schedules sets forth, for each Subsidiary that is not, directly or indirectly, wholly-owned by the Company: (i) the number and type of any capital stock of, or other equity or voting interests in, such Subsidiary that is outstanding as of the date hereof; and (ii) the number and type of shares of capital stock of, or other equity or voting interests in, such Subsidiary that, as of the date hereof, are owned, directly or indirectly, by the Company. All of the outstanding shares of capital stock of, or other equity or voting interests in, each Subsidiary of the Company that is owned directly or indirectly by the Company have been validly issued, were issued free of pre-emptive rights, are fully paid and non-assessable, and are free and clear of all Encumbrances, including any restriction on the right to vote, sell, or otherwise dispose of such capital stock or other equity or voting interests, except for any Encumbrances: (A) imposed by applicable securities Laws; or (B) arising pursuant to the Charter Documents of any non-wholly owned Subsidiary of the Company. Except for the capital stock of, or other equity or voting interests in, its Subsidiaries, the Company does not own, directly or indirectly, any capital stock of, or other equity or voting interests in, any Person.

Section 3.2 Capital Structure.

(a) *Capital Stock*. The authorized capital stock of the Company consists of:
(i) 5,000,000 shares of Company Common Stock; and (ii) 2,000,000 shares of Company Preferred Stock, of which 200,000 shares are designated as Series Seed Preferred Stock. As of the date of this Agreement: (A) 320,498 shares of Company Common Stock were issued and outstanding (not including shares held in treasury); (B) zero shares of Company Common Stock were issued and held by the Company in its treasury; (C) 159,802 shares of Company Preferred Stock were issued and outstanding (not including shares held in treasury); and (D) zero shares of Company Preferred Stock were issued and held by the Company in its treasury. Except as set forth on Section 3.2(a) of the Company Disclosure Schedules, all of the issued and outstanding shares of capital stock of the Company are, and all shares of capital stock of the Company which may be issued as contemplated or permitted by this Agreement will be, when issued, duly authorized, validly issued, fully paid, and non-assessable, and not subject to any pre-emptive rights. No Subsidiary of the Company owns any shares of Company Stock.

(b) Section 3.2(b) of the Company Disclosure Schedules set forth, as of the date hereof, (i) the name of each Person that is the registered owner of any shares of Company Stock and the number of shares of Company Stock owned by such Person, and (ii) a list of all holders of outstanding Company Stock Options, including the number of shares of Company Common Stock subject to each such Company Stock Option, the grant date, exercise price and vesting schedule for such Company Stock Option, the extent to which such Company Stock Option is vested and exercisable and the date on which such Company Stock Option expires. Each Company Stock Option was granted in compliance with all applicable Laws and all of the terms and conditions of the Company Stock Plan pursuant to which it was issued. Each Company Stock Option was granted with an exercise price per share equal to or greater than the fair market value of the underlying shares on the date of grant and has a grant date identical to the date on which the Company Board or compensation committee actually awarded the option. The Company has heretofore provided or made available to Parent (or Parent's Representatives) true and complete copies of the standard form of option agreement and any stock option agreements that differ from such standard form.

(c) Except for currently outstanding Company Stock Options to purchase 96,700 shares of Company Common Stock, which have been granted to employees, consultants or directors pursuant to the Company Stock Plan, and a reservation of an additional 48,300 shares of Company Common Stock for direct issuances or purchase upon exercise of options to be granted in the future under the Company Stock Plan, (i) no subscription, warrant, option, convertible or exchangeable security, or other right (contingent or otherwise) to purchase or otherwise acquire equity securities of the Company is authorized or outstanding, and (ii) there is no commitment by the Company to issue shares, subscriptions, warrants, options, convertible or exchangeable securities, or other such rights or to distribute to holders of any of its equity securities any evidence of indebtedness or asset, to repurchase or redeem any securities of the Company or to grant, extend, accelerate the vesting of, change the price of, or otherwise amend any warrant, option, convertible or exchangeable security or other such right. There are no declared or accrued unpaid dividends with respect to any shares of Company Common Stock.

(d) Except as set forth on Section 3.2(d) of the Company Disclosure Schedules, all issued and outstanding shares of Company Stock are, and all shares of Company Common Stock which may be issued pursuant to the exercise of Company Stock Options, when issued in accordance with the applicable security, will be (i) duly authorized, validly issued, fully paid and non-assessable; (ii) not subject to any preemptive rights created by statute, the Company's Charter Documents or any agreement to which the Company is a party; and (iii) free of any Encumbrances created by the Company in respect thereof. All issued and outstanding shares of Company Common Stock and Company Stock Options were issued in compliance with applicable Law.

(e) No outstanding Company Common Stock is subject to vesting or forfeiture rights or repurchase by the Company. There are no outstanding or authorized stock appreciation, dividend equivalent, phantom stock, profit participation or other similar rights with respect to the Company or any of its securities.

(f) All distributions, dividends, repurchases and redemptions of the capital stock (or other equity interests) of the Company were undertaken in compliance with: (i) the Company's Charter Documents then in effect, (ii) any agreement to which the Company then was a party and (iii) applicable Law.

(g) *Company Subsidiary Securities*. As of the date hereof, there are no outstanding: (i) securities of the Company or any of its Subsidiaries convertible into or exchangeable for capital stock, voting securities, or other ownership interests in any Subsidiary of the Company; (ii) options, warrants, or other agreements or commitments to acquire from the Company or any of its Subsidiaries, or obligations of the Company or any of its Subsidiaries to issue, capital stock, voting securities, or other ownership interests in (or securities convertible into or exchangeable for capital stock, voting securities, or other ownership interests in) any Subsidiary of the Company; or (iii) restricted shares, restricted stock units, stock appreciation rights, performance shares, profit participation rights, contingent value rights, "phantom" stock, or similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any capital stock or voting securities of, or other ownership interests in, any Subsidiary of the Company, in each case that have been issued by a Subsidiary of the Company (the items in clauses (i), (ii), and (iii), together with the capital stock, voting securities, or other ownership interests of such Subsidiaries, being referred to collectively as "*Company Subsidiary Securities*").

Section 3.3 Authority; Non-Contravention; Governmental Consents; Board Approval; Anti-Takeover Statutes.

(a) *Authority*. The Company has all requisite corporate power and authority to enter into and to perform its obligations under this Agreement and, subject to, in the case of the consummation of the Merger, adoption of this Agreement by the affirmative vote or consent (the "*Requisite Company Vote*") of (i) the holders of a majority of the voting power of the outstanding shares of Company Common Stock and Company Preferred Stock, consenting together as a single class on an as-converted to Company Common Stock basis, (ii) the holders of a majority of the Company Preferred Stock then outstanding, consenting separately as a class, and (iii) the holders of at least 51% of the shares of Company Common Stock then issued or issuable upon conversion of the shares of Company Preferred Stock, consenting together as a single class, approving and adopting this Agreement and the transactions contemplated by this Agreement, including the Merger. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement or to consummate the Merger and the other transactions contemplated hereby, subject only, in the case of consummation of the Merger, to the receipt of the Requisite Company Vote. The Requisite Company Vote is the only vote or consent of the holders of any class or series of the Company's capital stock necessary to approve and adopt this Agreement, approve the Merger, and consummate the Merger and the other transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and, assuming due execution and delivery by Parent and Merger Sub, constitutes the legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, and other similar Laws affecting creditors' rights generally and by general principles of equity.

(b) *Non-Contravention*. The execution, delivery, and performance of this Agreement by the Company, and the consummation by the Company of the transactions contemplated by this Agreement, including the Merger, do not and will not: (i) subject to obtaining the Requisite Company Vote, contravene or conflict with, or result in any violation or breach of, the Charter Documents of the Company or any of its Subsidiaries;

(ii) assuming that all Consents contemplated by Section 3.3(c) have been obtained or made and, in the case of the consummation of the Merger, obtaining the Requisite Company Vote, conflict with or violate any Law applicable to the Company, any of its Subsidiaries, or any of their respective properties or assets; (iii) except as set forth on Section 3.3(b) of the Company Disclosure Schedule (the "*Third Party Consents*"), result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the Company's or any of its Subsidiaries' loss of any benefit or the imposition of any additional payment or other liability under, or alter the rights of any third party under, or give to any third party any rights of termination, amendment, acceleration, or cancellation, or require any Consent under, any Contract to which the Company or any of its Subsidiaries is a party or otherwise bound as of the date hereof; or (iv) result in the creation of an Encumbrance (other than Permitted Encumbrances) on any of the properties or assets of the Company or any of its Subsidiaries, except, in the case of each of clauses (ii), (iii), and (iv), for any conflicts, violations, breaches, defaults, loss of benefits, additional payments or other liabilities, alterations, terminations, amendments, accelerations, cancellations, or Encumbrances that, or where the failure to obtain any Consents, in each case, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) *Governmental Consents*. No consent, approval, Order, or authorization of, or registration, declaration, or filing with, or notice to (any of the foregoing being a "*Consent*"), any supranational, national, state, municipal, local, or foreign government, any instrumentality, subdivision, court, administrative agency or commission, or other governmental authority, or any quasi-governmental or private body exercising any regulatory or other governmental or quasi-governmental authority (a "*Governmental Entity*") is required to be obtained or made by the Company in connection with the execution, delivery, and performance by the Company of this Agreement or the consummation by the Company of the Merger and other transactions contemplated hereby, except for: (i) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware; (ii) such Consents as may be required under any other Laws that are designed or intended to prohibit, restrict, or regulate actions having the purpose or effect of monopolization or restraint of trade or significant impediments or lessening of competition or creation or strengthening of a dominant position through merger or acquisition (the "*Antitrust Laws*"); (iii) such Consents as may be required under applicable state securities or "blue sky" Laws; (iv) the other Consents of Governmental Entities listed in Section 3.3(c) of the Company Disclosure Schedule, which schedule shall include all Cannabis Consents (the "*Other Governmental Approvals*"); and (v) such other Consents which if not obtained or made would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) *Board Approval*. The Company Board, by resolutions duly adopted by a unanimous vote at a meeting of all directors of the Company duly called and held, or a written consent of all directors of the Company and, in either case, not subsequently rescinded or modified in any way, has: (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, upon the terms and subject to the conditions set forth herein, are fair to, and in the best interests of, the Company and the Company's stockholders; (ii) approved and declared advisable this Agreement, including the execution, delivery, and performance thereof, and the consummation of the transactions contemplated by this Agreement, including the Merger, upon the terms and subject to the conditions set forth herein; (iii) directed that this Agreement be approved by the Company's stockholders for adoption; and (iv) resolved to recommend that the Company's stockholders vote in favor of adoption of this Agreement in accordance with the DGCL.

Section 3.4 Financial Statements. Complete copies of the Company's and/or its Subsidiaries' unaudited and unreviewed internally prepared financial statements consisting of the balance sheet of the Company as at December 31, 2017 and the related statement of income for the year then ended (the "*Financial Statements*"), and unaudited and unreviewed internally prepared financial statements consisting of the balance sheet of the Company as of September 30, 2018, and the related statement of income for the nine-month period then ended (the "*Interim Financial Statements*" and together with the Financial Statements, the "*Financial Statements*") have been delivered to Parent. The Financial Statements for 2017 have been prepared on a tax basis and the Interim Financial Statements have been prepared on a cash basis. The Financial Statements are based on the books and records of the Company and fairly present in all material respects the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of December 31, 2017, is referred to herein as the "*Balance Sheet*" and the date thereof as the "*Balance Sheet Date*" and the balance sheet of the Company as of October 31, 2018, is referred to herein as the "*Interim Balance Sheet*" and the date thereof as the "*Interim Balance Sheet Date*".

Section 3.5 Undisclosed Liabilities. The Company has no Liabilities except (a) those which are adequately reflected or reserved against in the Interim Balance Sheet as of the Interim Balance Sheet Date, (b) those which have been incurred in the ordinary course of business consistent with past practice since the Interim Balance Sheet Date and which are not, individually or in the aggregate, material in amount, and (c) those set forth on Section 3.5 of the Company Disclosure Schedules.

Section 3.6 Absence of Certain Changes or Events. Except in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby:

(a) since the Balance Sheet Date, there has not been or occurred any Company Material Adverse Effect or, to the Company's Knowledge, any event, condition, change, or effect that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; and

(b) since the Interim Balance Sheet Date, (1) the business of the Company and each of its Subsidiaries has been conducted in the ordinary course of business consistent with past practice and (2) there has not been or occurred any event, condition, action, or effect that, if taken during the period from the date of this Agreement through the Effective Time, would constitute a breach of Section 5.1.

Section 3.7 Taxes.

(a) All Tax Returns required to be filed on or before the Closing Date by the Company have been, or will be, timely filed, including applicable extensions. Such Tax Returns are, or will be, true, complete and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) The Company has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) The Company has received no claim from any taxing authority in any jurisdiction where the Company does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(d) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company.

(e) The Company has neither accrued Taxes nor established any reserves for, Taxes.

(f) Section 3.7(f) of the Company Disclosure Schedules sets forth:

(i) the taxable years of the Company as to which the applicable statutes of limitations on the assessment and collection of Taxes have not expired;

(ii) those years for which examinations by the taxing authorities have been completed; and

(iii) those taxable years for which examinations by taxing authorities are presently being conducted.

(g) All deficiencies asserted, or assessments made, against the Company as a result of any examinations by any taxing authority have been fully paid.

(h) The Company is not a party to any Action by any taxing authority. The Company has received no notice of any pending or threatened Actions by any taxing authority against the Company.

(i) The Company has delivered to Parent copies of all federal, state, local and foreign income, franchise and other material Tax Returns, examination reports, and statements of deficiencies assessed against, or agreed to by, the Company for all Tax periods ending after December 31, 2015.

(j) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(k) The Company has neither filed nor been included in a consolidated federal or state tax return. The Company is not a party to, or bound by, any Tax indemnity, Tax sharing, Tax allocation or similar agreement and the Company does not owe any amount under any such agreement.

(l) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to the Company.

(m) The Company will not be required to include any item of income in, or exclude any item or deduction from, taxable income for taxable period or portion thereof ending after the Closing Date as a result of:

(i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date;

(ii) an installment sale or open transaction occurring on or prior to the Closing Date;

(iii) a prepaid amount received on or before the Closing Date;

(iv) interest held by the Company in a "controlled foreign corporation" (as that term is defined in Section 957 of the Code) on or before the Closing Date pursuant to Section 951 of the Code;

(v) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law;

(vi) the completed contract method of accounting or the long-term contract method of accounting, or any comparable provision of state or local, domestic or foreign, Tax law; or

(vii) any election under Section 108(i) of the Code.

(n) The Company is not, nor has it been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(a) of the Code.

(o) The Company has not been a "distributing corporation" or a "controlled corporation" in connection with a distribution described in Section 355 of the Code.

(p) The Company is not, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4 (b). The Company has disclosed on all federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code.

(q) There is currently no limitation on the utilization of net operating losses, capital losses, built-in losses, tax credits or similar items of the Company under Sections 269, 382, 383, 384 or 1502 of the Code and the Treasury Regulations thereunder (and comparable provisions of state, local or foreign Law).

(r) No property owned by the Company is (i) required to be treated as being owned by another person pursuant to the so-called "safe harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, (ii) subject to Section 168(g)(1)(A) of the Code, or (iii) subject to a disqualified leaseback or long- term agreement as defined in Section 467 of the Code.

(s) Section 3.7(s) of the Disclosure Schedule contains a list of all jurisdictions in which the Company currently files income and other material Tax Returns.

(t) There are no outstanding (i) powers of attorney affirmatively granted by the Company concerning any Tax matter or (ii) agreements entered into with any Taxing Authority that would have a continuing effect after the Closing Date.

(u) The Company is in compliance with all state unclaimed property Laws and has turned over to the appropriate states all unclaimed property in accordance with relevant state unclaimed property Laws and the priority rules established and affirmed with respect thereto.

(v) The Company is in compliance with all terms and conditions of all Tax grants, credits, abatements and other similar incentives granted or made available by any tax authority for the benefit of the Company and the consummation of the transactions contemplated by this Agreement shall not adversely affect the Company's ability to benefit from any such Tax grant, credit, abatement or other similar incentive in any taxable period ending after the Closing Date.

(w) The Company has timely and properly collected all sales, use, value-added and similar Taxes required to be collected, and has remitted on a timely basis such amounts to the appropriate Governmental Authority. The Company has timely and properly requested, received and retained all necessary exemption certificates and other documentation supporting any claimed exemption or waiver of Taxes on sales or similar transaction as to which it would otherwise have been obligated to collect or withhold Taxes.

(x) The Company has not deferred the inclusion of any amounts in taxable income pursuant to IRS Revenue Procedure 2004-34, Treasury Regulations Section 1.451-5, Sections 455 or 456 of the Code or any corresponding or similar provision of Law (irrespective of whether or not such deferral is election).

For purposes of this Section 3.7, the Company shall be deemed to include any Subsidiary or predecessor of the Company, any Person which merged or was liquidated with and into the Company or any of its Subsidiaries.

Section 3.8 Intellectual Property.

(a) As used herein "*Intellectual Property*" means all intellectual property rights of every kind in the United States and in foreign countries worldwide including all (i) patents, patent applications, invention disclosures and inventions, (ii) trademarks, service marks, trade dress, trade names, logos and corporate names (in each case, whether registered or unregistered) and registrations and applications for registration thereof, (iii) copyrights (registered or unregistered) and registrations and applications for registration thereof, (iv) computer software, firmware, data, databases and documentation thereof, (v) trade secrets and other confidential or proprietary information (including, without limitation, ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial and marketing plans and customer and supplier lists and information), (vi) World Wide Web addresses, URLs and domain name registrations, (vii) works of authorship including, without limitation, computer programs, source code and executable code, whether embodied in software, firmware or otherwise, documentation, designs, files, records, data and mask works and any rights in semiconductor masks, layouts, architectures or topography, and (viii) goodwill associated with any of the foregoing. As used herein "*Company IP*" means Intellectual Property owned or used by the Company or any of its Subsidiaries.

(b) Section 3.8(b) of the Company Disclosure Schedules contains a complete and accurate list of all Company IP included in clauses (i) - (iii) and (vi) of the definition of Intellectual Property, which has been registered by the Company or one of its Subsidiaries or for which an application for registration has been filed by the Company or one of its Subsidiaries. The Company or one of its Subsidiaries is the sole and exclusive owner of all Company IP that is owned by the Company or one of its Subsidiaries.

(c) Section 3.8(c) of the Company Disclosure Schedules contains a complete and accurate list of all licenses and other rights granted by the Company or any of its Subsidiaries to any Person with respect to any Company IP and all licenses and other rights granted by any Person to the Company or any of its Subsidiaries with respect to any Company IP (for this purpose, excluding so-called "off-the-shelf" products and "shrink wrap" software licensed to the Company or one of its Subsidiaries in the ordinary course of business and easily obtainable without material expense) identifying the subject Company IP and indicating whether or not such licenses or other rights are exclusive or non-exclusive (collectively, the "*IP Licenses*"). Neither the Company nor any of its Subsidiaries has granted to any third Person any ownership rights, exclusive rights or any rights to license or sublicense any of the products the Company or any of its Subsidiaries develops, manufactures or sells or any Intellectual Property owned by the Company or one of its Subsidiaries relating to such products.

(d) The Company and its Subsidiaries owns or possesses sufficient legal rights to use all Intellectual Property necessary for or used in the conduct of their respective business. Neither the Company nor any of its Subsidiaries has violated or infringed, is violating or infringing or, by conducting their respective businesses, would reasonably be expected to violate or infringe upon any Intellectual Property of any other Person, and neither the Company nor any of its Subsidiaries has Knowledge of any violation or infringement by any Person of any Company IP. Neither the Company nor any of its Subsidiaries has received any written notice (including any "invitation to license") from any Person claiming any violation or infringement of a Person's Intellectual Property rights.

(e) Each item of Company IP owned by the Company or one of its Subsidiaries, which is registered or for which an application for registration has been filed, is valid and subsisting. All necessary registration, maintenance and renewal fees in connection with such Company IP, which is registered or for which an application for registration has been filed, have been paid and all necessary documents and certificates in connection with such Company IP have been filed with the relevant authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of maintaining such Company IP. To the Knowledge of the Company, there is no threatened or reasonably foreseeable loss or expiration of any Company IP.

(f) The Company and its Subsidiaries have taken reasonable steps to protect its rights in, and the confidentiality of, the Company IP belonging to the Company and its Subsidiaries or provided by any other Person to the Company or any of its Subsidiaries. Without limiting the foregoing, the Company and its Subsidiaries have, and enforce, a policy requiring each of their respective employees to execute a non-competition, proprietary information and assignment agreement and each of their respective consultants, contractors and service providers who assist in the development of Company IP to execute a non-disclosure, proprietary information and assignment agreement, copies of which have been previously provided to Parent. To the Knowledge of the Company, there has been no: (i) unauthorized disclosure of any third party proprietary or confidential information in the possession, custody or control of the Company or (ii) unauthorized disclosure or use of any Company IP. To the Knowledge of the Company, no employee of the Company or any of its Subsidiaries is obligated under any agreement or commitment, or subject to any judgment, decree or Order of any court or administrative agency, that could interfere with such employee's duties to the Company or any of its Subsidiaries or that could conflict with their respective businesses.

(g) Neither the Company nor any of its Subsidiaries is required to pay any royalties or other compensation to any third parties in respect of its ownership or use of any Company IP, other than payments in the ordinary course of business for so-called "off-the-shelf-products" or "shrink wrap" software.

(h) The rights of the Company and its Subsidiaries in and to Intellectual Property that is owned by the Company and its Subsidiaries are free and clear of all Encumbrances.

Section 3.9 Accounts Receivable.The accounts receivable of the Company represent valid and enforceable obligations that arose from bona fide transactions in the ordinary course of business. To the Company's Knowledge, none of such accounts receivable is subject to any claim of offset or recoupment or counterclaim. The reserves shown on the Interim Financial Statements and the accounting records of each Company are adequate and calculated consistent with past practice. A complete and accurate aging list of all receivables (and related reserves) of the Company as of the date hereof is set forth on Section 3.9 of the Company Disclosure Schedules.

Section 3.10 Business Relationships.

(a) Section 3.10(a) of the Company Disclosure Schedules sets forth a list of the top tem (10) customers of the Company based on commission and fee income earned from each such customer during the twelve (12) calendar months ended December 31, 2017 and the nine calendar months ended as of September 30, 2018 (collectively, "*Material Customers*") and the amount of revenue generated in such period by each such Material Customer.

(b) Section 3.10(b) of the Company Disclosure Schedules sets forth a complete and accurate list of all suppliers, vendors and services providers that are material to the Company, either individually or in the aggregate ("*Material Vendors*").

(c) During the previous twelve (12) months, except as set forth on Section 3.10(c) of the Company Disclosure Schedule, no Material Customer and no Material Vendor (x) has terminated or, to the Knowledge of the Company threatened to terminate, its relationship with the Company, or (y) has decreased or limited materially or, to the Knowledge of the Company, threatened to decrease or limit materially, the services, supplies or materials supplied to or purchased from the Company, or (z) has materially changed or, to the Knowledge of the Company, threatened to change materially, its business arrangements with the Company.

Section 3.11 Regulatory and Legal Compliance.

(a) Except with respect to the illegality of cannabis under United States federal Law, the Company complies and has at all times complied in all material respects with all Laws, and has not received any notice from any Governmental Entity or any other Person of any alleged violation or noncompliance with respect to any Laws.

(b) Neither the Company, nor to the Company's Knowledge, any Person affiliated with, or who does business with, the Company: (i) has ever offered, made or received on behalf of the Company any illegal payment or contribution of any kind, directly or indirectly, including payments, gifts or gratuities, to or from any person, entity, or foreign national, state, provincial or local government officials, employees or agents or candidates therefor or other Persons in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, or any other Law; (ii) is a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of the United States' Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)); (iii) engages in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such Person in any manner violative of Section 2; or (iv) is a Person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order. Without limiting the foregoing, the Company has not conducted any business or transaction with any person or destination in violation of a U.S. or Canadian trade embargos, restrictions or economic sanctions administered by the U.S. Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, or applicable Canadian authorities, including but not limited to exports and re-exports to (a) Burma/Myanmar, Cuba, Iran, North Korea, Sudan or Syria, (b) Persons on the U.S. Department of Commerce Denied Persons List or Entity List, or (c) Persons on the U.S. Department of Treasury's list of Specially Designated Nationals and Blocked Persons.

(c) The operations of the Company are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "*Money Laundering Laws*") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or threatened.

Section 3.12 Licenses and Permits. Section 3.12 of the Company Disclosure Schedules sets forth all Licenses held by the Company or, to the extent relevant to the business, each employee, subcontractor and service provider of the Company that are material to the Company's operations. The Company and, to the Company's Knowledge, each employee, subcontractor and service provider (to the extent applicable), is currently in compliance in all material respects with each such License, all of which are in full force and effect. To the Knowledge of the Company, no suspension, revocation or invalidation of any of the Licenses required to be set forth on Section 3.12 of the Company Disclosure Schedules has been threatened in writing by the issuing Governmental Entity.

Section 3.13 Litigation. There is no litigation, suit, action, arbitration, or other proceeding pending or, to the Knowledge of the Company, threatened against the Company before any Governmental Entity, nor, to the Company's Knowledge, is there any basis for any such litigation, suit, action, arbitration or other proceeding or investigation. There are no Orders entered by or pending before any Governmental Entity against the Company or by which any of its assets or the Company Stock are bound or affected. The Company is not currently planning to initiate any litigation, suit, action, arbitration, or other proceeding or investigation, governmental or otherwise.

Section 3.14 Brokers' and Finders' Fees. No finder, broker, agent, financial advisor or other intermediary has acted on behalf of the Company in connection with the negotiation or consummation of this Agreement and no such Person is entitled to any fee, payment, commission or other consideration in connection therewith as a result of any arrangement made by any of them.

Section 3.15 Employees and Compensation.

(a) The Company has at all times complied in all material respects with all applicable Laws (including Laws related to wage and hour issues and classification of employees) relating to employment and employment practices in the jurisdictions within which they operate, including the Age Discrimination in Employment Act of 1967, as amended, the Americans with Disabilities Act of 1990, as amended, the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), and state fair employment practices laws.

(b) No employees of the Company are represented by a union, and there is no labor strike, arbitration, material grievance, slowdown, stoppage, organizational effort, or proceeding by or with any employee or former employee of the Company or any labor union pending or, to the Knowledge of the Company, threatened against the Company.

(c) There are no employment or consulting contracts or arrangements (other than those terminable at will without liability to the Company) with any employee of or consultant to the Company other than as described on Section 3.15 of the Company Disclosure Schedules. Section 3.15 of the Company Disclosure Schedules sets forth a complete list of all employees of and consultants to the Company with annual compensation in excess of US$100,000, showing date of hire, title, hourly rate or salary or other basis of compensation, other benefits accrued as of a recent date and job function. To the Knowledge of the Company, no officer or key employee of the Company intends, as of the date of this Agreement, to terminate his or her employment with the Company.

(d) *Effect of Transaction*. Neither the execution or delivery of this Agreement or the other Transaction Documents, the consummation of the Merger, nor any of the other transactions contemplated by this Agreement or the other Transaction Documents will (either alone or in combination with any other event): (i) entitle any current or former director, employee, contractor, or consultant of the Company or any of its Subsidiaries to severance pay or any other payment; (ii) accelerate the timing of payment, funding, or vesting, or increase the amount of compensation due to any such individual;
(iii) limit or restrict the right of the Company to merge, amend, or terminate any Company Benefit Plan; or (iv) increase the amount payable or result in any other material obligation pursuant to any Company Benefit Plan. No amount that could be received (whether in cash or property or the vesting of any property) as a result of the consummation of the transactions contemplated by this Agreement by any employee, director, or other service provider of the Company or any of its Subsidiaries under any Company Benefit Plan or otherwise would not be deductible by reason of Section 280G of the Code nor would be subject to an excise tax under Section 4999 of the Code.

Section 3.16 ERISA; Compensation and Benefit Plans.

(a) Section 3.16 of the Company Disclosure Schedules sets forth all employee compensation and benefit plans, agreements, commitments, practices or arrangements of any type, including, but not limited to, plans described in Section 3(3) of ERISA, bonus, deferred compensation, severance pay, change of control, pension, profit sharing, retirement, insurance, incentive compensation, equity compensation, stock option, synthetic equity, disability, medical, health, death, life, retiree benefits, vacation, and workers' compensation, offered, maintained or contributed to by the Company for the benefit of current or former employees, officers, independent contractors, or managers of the Company (or spouses, beneficiaries or dependents thereof), or with respect to which the Company has or may have any liability, whether direct or indirect, actual or contingent (including, but not limited to, liabilities arising from affiliation with other entities under Section 414 of the Code or Section 4001 of ERISA ("*ERISA Affiliates*")), whether written or unwritten (collectively, the "*Company Benefit Plans*"). There are no compensation or benefit plans, agreements, commitments, practices or arrangements of any type providing benefits to employees or managers of the Company, or with respect to which the Company may have any liability, other than the Company Benefit Plans.

(b) With respect to each Company Benefit Plan, the Company has delivered to Parent true and complete copies of: (i) any and all plan texts and agreements (including, but not limited to, trust agreements, insurance contracts and investment management agreements); (ii) any and all material employee communications (including all summary plan descriptions and material modifications thereto); (iii) the three most recent annual Form 5500 reports and all attachments and schedules thereto if applicable; (iv) the three most recent annual and periodic accounting of plan assets, if applicable; (v) the most recent determination letter received from the Internal Revenue Service (the "*Service*"), if applicable; (vi) in the case of any unfunded or self-insured plan or arrangement, a current estimate of accrued and anticipated liabilities thereunder; (vii) any correspondence with the Service, Pension Benefit Guaranty Corporation, the U.S Department of Labor ("*DOL*") or other Governmental Entity regarding any controversy, review, investigation or audit with respect to any Company Benefit Plan; and (viii) any filings under the Service or the DOL correction programs.

(c) With respect to each Company Benefit Plan: (i) if intended to qualify under Section 401(a) of the Code, such plan so qualifies, and its trust is exempt from taxation under Section 501(a) of the Code; (ii) such plan has been administered and enforced in accordance with its terms and all applicable Laws, in all material respects; (iii) no breach of fiduciary duty has occurred with respect to which the Company or any Company Benefit Plan (or fiduciary thereof) may be liable or otherwise damaged; (iv) no disputes nor any audits or investigations by any Governmental Entity are pending or, to the Knowledge of the Company, threatened; (v) no "prohibited transaction" (within the meaning of either Section 4975(c) of the Code or Section 406 of ERISA) has occurred with respect to which the Company or any Company Benefit Plan may be liable or otherwise damaged; (vi) all contributions, premiums, and other payment obligations have been accrued on the consolidated financial statements of the Company in accordance with GAAP, and, to the extent due, have been made on a timely basis; (vii) all contributions or benefit payments made or required to be made under such plan meet the requirements for deductibility under the Code; (viii) the Company has expressly reserved in itself the right to amend, modify or terminate such plan, or any portion of it, at any time without liability to itself; and (ix) no such plan requires the Company to continue to employ or engage any employee, officer, independent contractor, or manager.

(d) No Company Benefit Plan is, and neither the Company nor any ERISA Affiliate has ever sponsored, maintained, contributed to or had an obligation to contribute to, or incurred any other obligation or liability (contingent or otherwise) or been secondarily liable for a plan, (i) subject to Title IV of ERISA or Sections 412 or 430 of the Code, including a multiemployer plan (as defined in Sections 3(3) and 4001(a)(3) of ERISA) or (ii) that is a welfare benefit plan which is funded in whole or in part through a welfare fund, as defined in Section 419 of the Code. Neither the Company nor any of its ERISA Affiliates will have any Liability with respect to any Company Benefit Plan under any theory of successor employer, alter ego, joint employer, or any other theory of affiliation recognized under ERISA or other applicable Law.

(e) With respect to each Company Benefit Plan which provides welfare benefits of the type described in Section 3(1) of ERISA: no such plan provides medical or death benefits with respect to current or former employees, officers, independent contractors, or managers of the Company (or spouses, beneficiaries or dependents thereof) beyond their termination of employment or other period of service, other than coverage mandated by Sections 601-608 of ERISA and 4980B(f) of the Code, (ii) each such plan has been administered in compliance with Sections 601-734 of ERISA, 4980B(f) of the Code, and any similar Law; (iii) no such plan is or is provided through a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA; and (iv) no such plan has reserves, assets, surpluses or prepaid premiums.

(f) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement (whether alone or together with another event such as termination of employment) will (i) entitle any individual to severance pay, (ii) accelerate the time of payment or vesting under any Company Benefit Plan, (iii) increase the amount of compensation or benefits due to any individual or (iv) trigger any funding (through a grantor trust or otherwise) of any compensation, severance or other benefit under any Company Benefit Plan or other agreement to which the Company is a party.

(g) The Company has correctly classified all individuals who directly or indirectly perform service for it for purposes of each Company Benefit Plan, the Code, unemployment compensation, workers' compensation laws, and other applicable Laws.

(h) Each Company Benefit Plan that is subject to the Patient Protection and Affordable Care Act of 2010, as amended (the "*Affordable Care Act*") has been maintained and administered in compliance with the Affordable Care Act, including all notice and coverage requirements, and no Tax or liability has been or is expected to be incurred as a result of the application of the Affordable Care Act to such Company Benefit Plan.

Section 3.17 Real Property and Personal Property Matters.

(a) *Owned Real Estate*. Neither the Company nor any of its Subsidiaries owns any Real Estate.

(b) *Leased Real Estate*. Section 3.17(b) of the Company Disclosure Schedules contains a true and complete list of all Leases (including all amendments, extensions, renewals, guaranties, and other agreements with respect thereto) as of the date hereof for each Leased Real Estate (including the date and name of the parties to such Lease). The Company has delivered to Parent a true and complete copy of each such Lease. Except as set forth in Section 3.17(b) of the Company Disclosure Schedules, with respect to each of the Leases: (iii) the Company's or its Subsidiary's possession and quiet enjoyment of the Leased Real Estate under such Lease has not been disturbed and, to the Knowledge of the Company, there are no material disputes with respect to such Lease; and (iv) there are no Encumbrances on the estate created by such Lease other than Permitted Encumbrances. Neither the Company nor any of its Subsidiaries has assigned, pledged, mortgaged, hypothecated, or otherwise transferred any Lease or any interest therein nor has the Company or any of its Subsidiaries subleased, licensed, or otherwise granted any Person (other than another wholly-owned Subsidiary of the Company) a right to use or occupy such Leased Real Estate or any portion thereof.

(c) *Real Estate Used in the Business*. The Leased Real Estate identified in Section 3.17(b) of the Company Disclosure Schedule comprise all of the real property used or intended to be used in, or otherwise related to, the business of the Company or any of its Subsidiaries.

(d) *Personal Property*. The Company and each of its Subsidiaries are in possession of and have good and marketable title to, or valid leasehold interests in or valid rights under contract to use, the machinery, equipment, furniture, fixtures, and other material tangible personal property and assets owned, leased, or used by the Company or any of its Subsidiaries, free and clear of all Encumbrances other than Permitted Encumbrances.

Section 3.18 Environmental Matters. The ownership and use of the Company's premises and assets, the occupancy and operation thereof by the Company, and the conduct of the Company's operations and business, have been and are in compliance in all material respects with all Environmental Laws. The Company has not received any written notice from any Governmental Entity or any other Person of any alleged violation or material liability under such Environmental Laws. There is no liability attaching to the Company as a result of any Hazardous Substance that is or was present or released into the environment, or disposed of on- site or off-site, or as a result of a violation of any Environmental Laws, any other circumstance occurring prior to the Closing or existing as of the Closing.

Section 3.19 Material Contracts. Section 3.19 of the Company Disclosure Schedules sets forth a complete and accurate list of all of the following Contracts with respect to the Company:

(a) Contracts with respect to which the Company has any Liability or obligation involving more than US$25,000, contingent or otherwise;

(b) Contracts that could extend for a term of more than one year after the Closing;

(c) Contracts under which the amount payable by the Company is dependent on the revenue, income or other similar measure of the Company or any other Person;

(d) Contracts and other arrangements with respect to any material property of the Company, including distribution, sales and supply contracts;

(e) Contracts relating to any Indebtedness or the guarantee thereof;

(f) Contracts with any officer, director, shareholder or Affiliate of the Company or any of their respective relatives or Affiliates;

(g) Contracts which place any limitation on the method of conducting or scope of the Company's or its Subsidiaries' businesses, including any agreement that contains any exclusivity, non-competition, right of first refusal, "most favored nation," non-solicitation or no-hire provisions;

(h) employment, severance, consulting, deferred compensation, collective bargaining, benefits and similar plans, Contracts, or other arrangements involving the Company;

(i) Contracts relating to or involving any franchise, partnership, joint venture or other similar arrangement;

(j) Contracts with the Material Customers and Material Vendors;

(k) Contracts with respect to mergers or acquisitions, sales of securities or material assets, or investments by the Company;

(l) Contracts with Governmental Entities (including any subcontract with a prime contractor or other subcontractor who is a party to any such contract where the ultimate contracting party is a Governmental Entity);

(m) reseller, strategic alliance, co-marketing, co-promotion, co-packaging, joint development or similar Contracts;

(n) powers of attorney;

(o) Contracts of the Company outside of the ordinary course of business; and

(p) Any other Contract that is material to the businesses of the Company and its Subsidiaries.

All the foregoing (whether written or unwritten), including all amendments or modifications thereto, all Real Estate Leases, all IP Licenses and all insurance policies listed or required to be listed on Section 3.20 of the Company Disclosure Schedules (including any key- man life insurance policy) are sometimes collectively referred to as "*Material Contracts*." The Company has furnished to Parent true, complete and correct copies of all Material Contracts (or descriptions of the material terms thereof, in the case of oral contracts). Each Material Contract (or description) sets forth the entire agreement and understanding (or complete description of the material terms, as applicable), between the Company and the other parties thereto with respect to the subject matter thereof. Each Material Contract is valid and binding on the Company or its Subsidiary party thereto in accordance with its terms and is in full force and effect in all material respects. To the Company's Knowledge, there is no event or condition that occurred or exists that constitutes or that, with or without notice, or the happening of any event and/or the passage of time, would reasonably be expected to constitute a default under or breach of any such Material Contract by the Company or, to the Knowledge of the Company, any other party thereto, or would reasonably be expected to cause the acceleration of any obligation or loss of any material rights of any party thereto or give rise to any right of termination or cancellation thereof.

Section 3.20 Insurance. Section 3.20 of the Company Disclosure Schedule sets forth all insurance policies under which the Company is insured, the name of the insurer of each policy, the type of policy provided by such insurer, the amount, scope and period covered thereby and a description of any material claims made thereunder. Such insurance policies are valid in full force and effect in all material respects. All premiums due to date under such policies have been paid, no default exists thereunder and, to the Company's Knowledge, with respect to any material claims made under such policies, no insurer has made any "reservation of rights" or refused to cover all or any portion of such claims. The Company has not received any written notice of any proposed material increase in the premiums payable for coverage, or proposed reduction in the scope (or discontinuation) of coverage, under any of such insurance policies. To the Company's Knowledge, such insurance policies will not be affected in any way as a result of the Merger.

Section 3.21 Affiliate Transactions. (a) The Company is not a party to any Contract with, or indebted, either directly or indirectly, to any of its officers, directors or shareholders, or any of their respective relatives or Affiliates, (b) none of such Persons is indebted to the Company or has any direct or indirect ownership interest in, or any contractual or business relationship with, any Person with which the Company is or was Affiliated or with which the Company has a business relationship, or any Person which, directly or indirectly, competes with the Company and (c) none of the Company's officers, directors or shareholders, or any of their respective relatives or Affiliates, has any interest in any property, real or personal, tangible or intangible, including inventions, copyrights, trademarks, or trade names, used in or pertaining to the business of the Company, or any supplier, distributor or customer of the Company, except for rights under existing Company Benefit Plans.

Section 3.22 Intended Tax Treatment. Neither Company nor any of its Affiliates has taken or agreed to take any action, and to the Knowledge of Company there exists no fact or circumstance, that is reasonably likely to prevent or impede the Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

Section 3.23 Disclaimer of Other Representations and Warranties.

(a) NONE OF THE COMPANY, ITS SUBSIDIARIES, AFFILIATES OR REPRESENTATIVES HAS MADE ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER RELATING TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, AFFILIATESOR REPRESENTATIVES OR THE BUSINESS OF THE COMPANY OR ANY OF ITS SUBSIDIARIES, OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT.

(b) Without limiting the generality of the foregoing, neither the Company, nor any representative of the Company, nor any of its employees, officers, directors or stockholders or other affiliates, has made, and shall not be deemed to have made, any representations or warranties in the materials relating to the business of the Company and its Subsidiaries made available to Parent and Merger Sub and their respective representatives and affiliates, including due diligence materials, or in any presentation of the business of the Company and its Subsidiaries by management of the Company or others in connection with the transactions contemplated hereby, and no statement contained in any of such materials or made in any such presentation shall be deemed a representation or warranty hereunder or otherwise or deemed to be relied upon by Parent or Merger Sub in executing, delivering and performing this Agreement and the transactions contemplated hereby. It is understood that any cost estimates, projections or other predictions, any data, any financial information or any memoranda or offering materials or presentations, including but not limited to, any offering memorandum or similar materials made available by the Company and its representatives are not and shall not be deemed to be or to include representations or warranties of the Company or any of its Subsidiaries, and are not and shall not be deemed to be relied upon by Parent or Merger Sub in executing, delivering and performing this Agreement and the transactions contemplated hereby.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as set forth in the correspondingly numbered Section of the Parent Disclosure Schedule, Parent and Merger Sub hereby jointly and severally represent and warrant to the Company as follows:

Section 4.1 Organization; Standing and Power; Charter Documents; Subsidiaries.

(a) *Organization; Standing and Power*. Each of Parent and its Subsidiaries is a corporation, limited liability company, or other legal entity duly organized, validly existing, and in good standing (to the extent that the concept of "good standing" is applicable in the case of any jurisdiction outside the United States) under the Laws of its jurisdiction of organization, and has the requisite corporate, limited liability company, or other organizational, as applicable, power and authority to own, lease, and operate its assets and to carry on its business as now conducted. Each of Parent and its Subsidiaries is duly qualified or licensed to do business as a foreign corporation, limited liability company, or other legal entity and is in good standing (to the extent that the concept of "good standing" is applicable in the case of any jurisdiction outside the United States) in each jurisdiction where the character of the assets and properties owned, leased, or operated by it or the nature of its business makes such qualification or license necessary, except where the failure to be so qualified or licensed or to be in good standing, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Parent is treated as a U.S. domestic corporation for all U.S. federal income tax purposes.

(b) *Charter Documents*. Parent has delivered or made available to the Company a true and correct copy of the Charter Documents of Parent and Merger Sub. Neither Parent nor Merger Sub is in violation of any of the provisions of its Charter Documents.

(c) *Subsidiaries*. All of the outstanding shares of capital stock of, or other equity or voting interests in, each Subsidiary of Parent have been validly issued and are owned by Parent, directly or indirectly, free of pre-emptive rights, are fully paid and non- assessable, and are free and clear of all Encumbrances, including any restriction on the right to vote, sell, or otherwise dispose of such capital stock or other equity or voting interests, except for any Encumbrances: (i) imposed by applicable securities Laws; or (ii) arising pursuant to the Charter Documents of any non-wholly-owned Subsidiary of Parent. Except for the capital stock of, or other equity or voting interests in, its Subsidiaries, Parent does not own, directly or indirectly, any capital stock of, or other equity or voting interests in, any Person.

Section 4.2 Capital Structure.

(a) *Capital Stock*. The authorized capital stock of Parent consists of an unlimited number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares. As of the close of business on December 4, 2018: (A) 21,443,042 Subordinate Voting Shares, 1,445,879 Proportionate Voting Shares and 168,000 Multiple Voting Shares were issued and outstanding. All of the outstanding shares of capital stock of Parent are, and all shares of capital stock of Parent which may be issued as contemplated or permitted by this Agreement, including the shares of Parent Stock constituting the Merger Consideration, will be, when issued, duly authorized, validly issued, fully paid, and non-assessable, and not subject to any pre-emptive rights. No Subsidiary of Parent owns any shares of Parent Stock. Parent does not have a shareholder rights protection plan in place. Parent is not a party to any unanimous shareholders agreement, pooling agreement, voting trust, or other similar type of arrangements in respect of outstanding securities of Parent.

Section 4.3 Authority; Non-Contravention; Governmental Consents; Board Approval.

(a) *Authority*. Each of Parent and Merger Sub has all requisite corporate power and authority to enter into and to perform its obligations under this Agreement and, subject to, in the case of the consummation of the Merger, the adoption of this Agreement by Parent as the sole stockholder of Merger Sub, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Parent and Merger Sub and no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize the execution and delivery of this Agreement or to consummate the Merger, the Parent Stock Issuance, and the other transactions contemplated by this Agreement, subject only, in the case of consummation of the Merger, to the adoption of this Agreement by Parent as the sole stockholder of Merger Sub. This Agreement has been duly executed and delivered by Parent and Merger Sub and, assuming due execution and delivery by the Company, constitutes the legal, valid, and binding obligation of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, and other similar Laws affecting creditors' rights generally and by general principles of equity.

(b) *Non-Contravention*. The execution, delivery, and performance of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the transactions contemplated by this Agreement, do not and will not: (i) contravene or conflict with, or result in any violation or breach of, the Charter Documents of Parent or Merger Sub; (ii) assuming that all of the Consents contemplated by clauses (i) through (v) of Section 4.2(c) have been obtained or made, conflict with or violate any Law applicable to Parent or Merger Sub or any of their respective properties or assets; (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in Parent's or any of its Subsidiaries' loss of any benefit or the imposition of any additional payment or other liability under, or alter the rights or obligations of any third party under, or give to any third party any rights of termination, amendment, acceleration, or cancellation, or require any Consent under, any Contract to which Parent or any of its Subsidiaries is a party or otherwise bound as of the date hereof; or (iv) result in the creation of an Encumbrances (other than Permitted Encumbrances) on any of the properties or assets of Parent or any of its Subsidiaries, except, in the case of each of clauses (ii), (iii), and (iv), for any conflicts, violations, breaches, defaults, loss of benefits, additional payments or other liabilities, alterations, terminations, amendments, accelerations, cancellations, or Encumbrances that, or where the failure to obtain any Consents, in each case, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) *Governmental Consents*. No Consent of any Governmental Entity is required to be obtained or made by Parent or Merger Sub in connection with the execution, delivery, and performance by Parent and Merger Sub of this Agreement or the consummation by Parent and Merger Sub of the Merger, the Parent Stock Issuance, and the other transactions contemplated hereby, except for: (i) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware; (ii) such Consents as may be required under Antitrust Laws, in any case that are applicable to the transactions contemplated by this Agreement; (iii) such Consents as may be required under applicable state securities or "blue sky" Laws and the securities Laws of any foreign country or province thereof or the rules and regulations of the CSE; (iv) the Other Governmental Approvals; and (v) such other Consents which if not obtained or made would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(d) *Board Approval*.

(i) The Parent Board by resolution has (A) determined that this Agreement and the transactions contemplated hereby, including the Merger, and the Parent Stock Issuance, upon the terms and subject to the conditions set forth herein, are fair to, and in the best interests of, Parent and (B) approved and declared advisable this Agreement, including the execution, delivery, and performance thereof, and the consummation of the transactions contemplated by this Agreement, including the Merger and the Parent Stock Issuance, upon the terms and subject to the conditions set forth herein.

(ii) The Merger Sub Board by resolutions duly adopted by a unanimous vote at a meeting of all directors of Merger Sub duly called and held and, not subsequently rescinded or modified in any way, has (A) determined that this Agreement and the transactions contemplated hereby, including the Merger, upon the terms and subject to the conditions set forth herein, are fair to, and in the best interests of, Merger Sub and Parent, as the sole stockholder of Merger Sub, (B) approved and declared advisable this Agreement, including the execution, delivery, and performance thereof, and the consummation of the transactions contemplated by this Agreement, including the Merger, upon the terms and subject to the conditions set forth herein, and (C) resolved to recommend that Parent, as the sole stockholder of Merger Sub, approve the adoption of this Agreement in accordance with the DGCL.

Section 4.4 Undisclosed Liabilities. Parent has no Liabilities except (a) those which are disclosed in the Public Record, and (b) those which have been incurred in the ordinary course of business consistent with past practice since November 14, 2018, and which are not, individually or in the aggregate, material in amount.

Section 4.5 Absence of Certain Changes or Events. Since the date of the Parent Balance Sheet, except in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, the business of Parent and each of its Subsidiaries has been conducted in the ordinary course of business consistent with past practice and there has not been or occurred any Parent Material Adverse Effect or any event, condition, change, or effect that could reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.6 Compliance; Permits.

(a) Except with respect to the illegality of cannabis under United States federal Law, Parent and each of its Subsidiaries is, and each has conducted and is conducting its business, in compliance with, all Laws or Orders applicable to Parent or any of its Subsidiaries or by which Parent or any of its Subsidiaries or any of their respective businesses or properties is bound, except for such non-compliance that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Since [September 30], 2018, no Governmental Entity has issued any notice or notification stating that Parent or any of its Subsidiaries is not in compliance with any Law, except where such non-compliance would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Neither Parent nor its Subsidiaries has, directly or indirectly, (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any Governmental Entity of any jurisdiction; or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment of gift was, is, or would be prohibited under the United States Foreign Corrupt Practices Act of 1977, as amended, the Canada Corruption of Foreign Public Officials Act (Canada), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) or the rules and regulations promulgated thereunder or under any other Law of any relevant jurisdiction covering a similar subject matter applicable to Parent, its Subsidiaries and their operations. The operations of Parent and its Subsidiaries are and have been conducted at all times in compliance with the Currency and Foreign Transactions Reporting Act of 1970, as amended, and all applicable anti-money laundering Laws in its jurisdiction of incorporation and in each other jurisdiction in which such entity, as the case may be, conducts business (collectively, the "*Money Laundering Laws*"), and no Action involving Parent or its Subsidiaries with respect to any of the Money Laundering Laws is pending or, to Parent's Knowledge, threatened or contemplated.

(c) Parent and its Subsidiaries hold, to the extent necessary to operate their respective businesses as such businesses are being operated as of the date hereof, all Permits except for any Permits for which the failure to obtain or hold would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. No suspension, cancellation, non-renewal, or adverse modifications of any Permits of Parent or any of its Subsidiaries is pending or, to the Knowledge of Parent, threatened, except for any such suspension or cancellation which would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Parent and each of its Subsidiaries is and, since [September 30], 2018, has been in compliance with the terms of all Permits, except where the failure to be in such compliance would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.7 Litigation. Except as disclosed in the Public Record, there is no Action pending, or to the Knowledge of Parent, threatened against Parent or any of its Subsidiaries or any of their respective properties or assets or, to the Knowledge of Parent, any officer or director of Parent or any of its Subsidiaries in their capacities as such other than any such Action that: (a) does not involve an amount that would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect; and (b) does not seek material injunctive or other material non-monetary relief. None of Parent or any of its Subsidiaries or any of their respective properties or assets is subject to any Order of a Governmental Entity or arbitrator, whether temporary, preliminary, or permanent, which would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. There are no SEC or CSE inquiries or investigations, other governmental or regulatory inquiries or investigations, or internal investigations pending or, to the Knowledge of Parent, threatened, in each case regarding any accounting practices of Parent or any of its Subsidiaries or any malfeasance by any officer or director of Parent.

Section 4.8 Instruments. Parent has filed with the Ontario Securities Commission all material contracts or agreements to which Parent or its Subsidiaries is a party or by which any of them or their respective assets are bound which are required to be so filed under the Securities Laws of Ontario.

Section 4.9 Brokers. Neither Parent, Merger Sub, nor any of their respective Affiliates has incurred, nor will it incur, directly or indirectly, any liability for investment banker, brokerage, or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby for which the Company would be liable in connection the Merger.

Section 4.10 Ownership of Company Stock. Neither Parent nor any of its Affiliates or Associates "owns" (as defined in Section 203(c)(9) of the DGCL) any shares of Company Stock.

Section 4.11 Intended Tax Treatment. Neither Parent nor any of its Subsidiaries has taken or agreed to take any action, and to the Knowledge of Parent there exists no fact or circumstance, that is reasonably likely to prevent or impede the Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

Section 4.12 Merger Sub. Merger Sub: (a) has engaged in no business activities other than those related to the transactions contemplated by this Agreement; and (b) is a direct, wholly- owned Subsidiary of Parent.

Section 4.13 Parent Stock.

(a) The issuance of the shares of Parent Stock to be issued as Merger Consideration is not subject to the prospectus requirement of the Securities Laws of British Columbia and is exempt from the prospectus requirements of the Securities Laws of Ontario. Such shares of Parent Stock will be, upon issuance, "freely tradeable" without further restrictions or limitation under the Securities Laws of Ontario or British Columbia (subject to the holder not being a "control person" as defined in the Securities Laws of Ontario or British Columbia at the time of the trade) and the Certificates or Book Entry Shares representing such shares will not contain or be subject to any legend or stop transfer restrictions restricting the sale or transferability thereof under such Securities Laws. The issued and outstanding Subordinate Voting Shares of Parent are listed and posted for trading on the CSE and the shares of Parent stock to be issued hereunder as Merger Consideration will be listed and posted for trading on the CSE upon Parent complying with the usual conditions imposed by the CSE with respect thereto. As at the date hereof, Parent is in material compliance with the by-laws, rules, and regulations of the CSE. The definitive form of certificates for the Subordinate Voting Shares have been, and will be on the Closing Date, duly authorized, approved, and adopted by Parent and comply with all Laws relating thereto. Odyssey Trust Company, at its offices in Calgary, Alberta is the duly appointed registrar and transfer agent of Parent with respect the Parent Stock. The share price of the Parent Stock traded on the CSE is expressed in United States Dollars.

(b) Neither the CSE nor any securities commission or other similar regulatory authority has issued any order preventing or suspending trading of any securities of Parent, no such proceeding is, to the Knowledge of Parent, pending, contemplated or threatened. Parent is a "reporting issuer" in the Province of Ontario within the meaning of the Securities Laws in such province and is not in default of such Securities Laws. Parent is a "foreign private issuer" (as such term is defined in Rule 3b-14 under the U.S. Exchange Act). There is no "substantial US market interest" (as described in 17 CFR 230.902(j)(1)) with respect to the shares of Parent Stock issued as Merger Consideration.

Section 4.14 Parent Filings.

(a) *Public Records*. Parent has filed all reports, schedules, forms, statements, and other documents as are required to be filed by it under the Securities Laws of Ontario. All continuous and timely disclosure documents, reports, forms, filings, and fees required to be made and paid by Parent pursuant to such Securities Laws have been made and paid in accordance with such Securities Laws. The information, documents, and statements set forth in the Public Record did not contain any "misrepresentation," within the meaning of the Securities Laws of Ontario, as of the date of such information or statement, and were prepared in accordance with and, as applicable, complied with applicable Securities Laws. Parent has not filed any confidential material change reports still maintained on a confidential basis.

(b) *Financial Information*. The financial statements of: (i) Parent included in Parent's CSE Listing Statement dated November 14, 2018 (the "*Listing Statement*"); and
(ii) certain of its Subsidiaries included in the Listing Statement: fairly present, in all material respects and in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition, the results of the operations, cash flows, and other information purported to be shown therein of Parent and such Subsidiaries, respectively as at the dates thereof and for the periods then ended and reflect all assets, liabilities, and obligations (absolute, accrued, contingent, or otherwise) of Parent and such Subsidiaries, respectively as at the dates thereof required to be disclosed in accordance with generally accepted accounting principles in Canada. There has not been any reportable event (within the meaning of Section 4.11 of National Instrument 51-102 - *Continuous Disclosure Obligations*) with the auditors of Parent. Since November 14, 2018, except as disclosed in the Public Record, there has not been any material change in the capital, assets, liabilities, or obligations (absolute, accrued, contingent, or otherwise) of Parent or its Subsidiaries, and there has not been any adverse material change in the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent, or otherwise), condition (financial or otherwise) or results of operations of Parent or its Subsidiaries since the date of the Listing Statement; and since that date except as disclosed in the Public Record, there have been no material facts, transactions, events, or occurrences that could materially adversely affect the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent, or otherwise), condition (financial or otherwise) or results of operations of Parent or its Subsidiaries.

Section 4.15 Inspection; No Other Representations. Each of Parent and Merger Sub is an informed and sophisticated Person, and has engaged expert advisors experienced in the evaluation and acquisition of companies such as the Company and its Subsidiaries as contemplated hereunder. Each of Parent and Merger Sub has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby. Without limiting the generality of the foregoing, both Parent and Merger Sub acknowledge that the Company does not make any representation or warranty with respect to (i) any projections, estimates or budgets delivered to or made available to Parent or Merger Sub or their respective affiliates of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Company and its Subsidiaries or the future business and operations of the Company and its Subsidiaries or (ii) any other information or documents made available to Parent or Merger Sub or their counsel, accountants or advisors with respect to the Company, its Subsidiaries or any of their respective businesses, assets, liabilities or operations, except as expressly set forth in Article III of this Agreement. Parent and Merger Sub understand and agree that they have not relied upon any express or implied representations or warranties of any nature, whether in writing, orally or otherwise, made by or on behalf of or imputed to the Company, any of its Subsidiaries, the Stockholders' Representative, any Company Securityholder or any of their respective affiliates, except for the representations and warranties made by the Company which are expressly set forth in Article III of this Agreement.

ARTICLE V COVENANTS

Section 5.1 Conduct of Business of the Company. Except as set forth on Section 5.1 of the Company Disclosure Schedules and as contemplated in the budget to be attached to the Line of Credit, during the period from the date of this Agreement until the Effective Time, the Company shall, and shall cause each of its Subsidiaries, except as expressly contemplated by this Agreement, as required by applicable Law, or with the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned, or delayed), to conduct its business in the ordinary course of business consistent with past practice. To the extent consistent therewith, the Company shall, and shall cause each of its Subsidiaries to, use its reasonable best efforts to preserve substantially intact its and its Subsidiaries' business organization, to keep available the services of its and its Subsidiaries' current officers and employees, to preserve its and its Subsidiaries' present relationships with customers, suppliers, distributors, licensors, licensees, and other Persons having business relationships with it or its Subsidiaries. Without limiting the generality of the foregoing, between the date of this Agreement and the Effective Time, except as otherwise expressly contemplated by this Agreement, as set forth in Section 5.1 of the Company Disclosure Schedules, as contemplated by the budget to be attached to the Line of Credit, or as required by applicable Law, the Company shall not, nor shall it permit any of its Subsidiaries to, without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned, or delayed):

(a) amend or propose to amend its Charter Documents;

(b) (i) split, combine, or reclassify any Company Stock or Company Subsidiary Securities, (ii) repurchase, redeem, or otherwise acquire, or offer to repurchase, redeem, or otherwise acquire, any Company Stock or Company Subsidiary Securities, or (iii) declare, set aside, or pay any dividend or distribution (whether in cash, stock, property, or otherwise) in respect of, or enter into any Contract with respect to the voting of, any shares of its capital stock (other than dividends from its direct or indirect wholly-owned Subsidiaries);

(c) issue, sell, pledge, dispose of, or encumber any Company Stock or Company Subsidiary Securities;

(d) except as required by applicable Law or by any Company Benefit Plan or Contract in effect as of the date of this Agreement (i) increase the compensation payable or that could become payable by the Company or any of its Subsidiaries to directors, officers, or employees, other than increases in compensation made to non-officer employees in the ordinary course of business consistent with past practice, (ii) promote any officers or employees, except in connection with the Company's annual or quarterly compensation review cycle or as the result of the termination or resignation of any officer or employee, or (iii) establish, adopt, enter into, amend, terminate, exercise any discretion under, or take any action to accelerate rights under any Company Benefit Plans or any plan, agreement, program, policy, trust, fund, or other arrangement that would be a Company Benefit Plan if it were in existence as of the date of this Agreement, or make any contribution to any Company Benefit Plan, other than contributions required by Law, the terms of such Company Benefit Plans as in effect on the date hereof, or that are made in the ordinary course of business consistent with past practice;

(e) acquire, by merger, consolidation, acquisition of stock or assets, or otherwise, any business or Person or division thereof or make any loans, advances, or capital contributions to or investments in any Person in excess of $10,000 in the aggregate;

(f) (i) transfer, license, sell, lease, or otherwise dispose of (whether by way of merger, consolidation, sale of stock or assets, or otherwise) or pledge, encumber, or otherwise subject to any Encumbrances (other than a Permitted Encumbrance), any assets, including the capital stock or other equity interests in any Subsidiary of the Company; *provided*, that the foregoing shall not prohibit the Company and its Subsidiaries from transferring, selling, leasing, or disposing of obsolete equipment or assets being replaced, or granting of non-exclusive licenses under the Company IP, in each case in the ordinary course of business consistent with past practice, or (ii) adopt or effect a plan of complete or partial liquidation, dissolution, restructuring, recapitalization, or other reorganization;

(g) repurchase, prepay, or incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or options, warrants, calls, or other rights to acquire any debt securities of the Company or any of its Subsidiaries, guarantee any debt securities of another Person, enter into any "keep well" or other Contract to maintain any financial statement condition of any other Person (other than any wholly-owned Subsidiary of it) or enter into any arrangement having the economic effect of any of the foregoing, other than in connection with the financing of ordinary course trade payables consistent with past practice;

(h) enter into or amend or modify in any material respect, or consent to the termination of (other than at its stated expiry date), any Material Contract or any Lease with respect to material Real Estate or any other Contract or Lease that, if in effect as of the date hereof would constitute a Material Contract or Lease with respect to material Real Estate hereunder;

(i) institute, settle, or compromise any Action involving the payment of monetary damages by the Company or any of its Subsidiaries of any amount exceeding $10,000 in the aggregate, other than (i) any Action brought against Parent or Merger Sub arising out of a breach or alleged breach of this Agreement by Parent or Merger Sub, and (ii) the settlement of claims, liabilities, or obligations reserved against on the Interim Balance Sheet; *provided, that* neither the Company nor any of its Subsidiaries shall settle or agree to settle any Action which settlement involves a conduct remedy or injunctive or similar relief or has a restrictive impact on the Company's business;

(j) make any material change in any method of financial accounting principles or practices, in each case except for any such change required by a change in GAAP or applicable Law;

(k) (i) settle or compromise any material Tax claim, audit, or assessment, (ii) make or change any material Tax election, change any annual Tax accounting period, or adopt or change any method of Tax accounting, (iii) amend any material Tax Returns or file claims for material Tax refunds, or (iv) enter into any closing agreement, surrender in writing any right to claim a Tax refund, offset or other reduction in Tax liability or consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to the Company or its Subsidiaries;

(l) enter into any material agreement, agreement in principle, letter of intent, memorandum of understanding, or similar Contract with respect to any joint venture, strategic partnership, or alliance;

(m) take any action to exempt any Person from, or make any acquisition of securities of the Company by any Person not subject to, any state takeover statute or similar statute or regulation that applies to the Company with respect to an Acquisition Proposal or otherwise, including the restrictions on "business combinations" set forth in Section 203 of the DGCL, except for Parent, Merger Sub, or any of their respective Subsidiaries or Affiliates, or the transactions contemplated by this Agreement;

(n) abandon, allow to lapse, sell, assign, transfer, grant any security interest in otherwise encumber or dispose of any Company IP, or grant any right or license to any Company IP other than pursuant to non-exclusive licenses entered into in the ordinary course of business consistent with past practice;

(o) terminate or modify in any material respect, or fail to exercise renewal rights with respect to, any material insurance policy;

(p) except to the extent expressly permitted by Section 5.4 or Article VIII, take any action that is intended or that would reasonably be expected to, individually or in the aggregate, prevent, materially delay, or materially impede the consummation of the Merger, or the other transactions contemplated by this Agreement; or

(q) agree or commit to do any of the foregoing.

Section 5.2 Conduct of the Business of Parent. During the period from the date of this Agreement until the Effective Time, Parent shall, and shall cause each of its Subsidiaries, except as expressly contemplated by this Agreement, as required by applicable Law, or with the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned, or delayed), to conduct its business in the ordinary course of business consistent with past practice. Parent shall not take any action that would cause it to be treated as other than a U.S. domestic corporation for U.S. federal income Tax purposes. Without limiting the generality of the foregoing, between the date of this Agreement and the Effective Time, except as otherwise expressly contemplated by this Agreement, as set forth in Section 5.2 of the Parent Disclosure Schedule or as required by applicable Law, Parent shall not, nor shall it permit any of its Subsidiaries to, without the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned, or delayed):

(a) amend its Charter Documents in a manner that would adversely affect the Company or the holders of Company Stock relative to the other holders of Parent Stock;

(b) (i) split, combine, or reclassify any Parent Securities in a manner that would adversely affect the Company or the holders of Company Stock relative to the other holders of Parent Stock or, (ii) declare, set aside, or pay any dividend or distribution (whether in cash, stock, property, or otherwise) in respect of, or enter into any Contract with respect to the voting of, any shares of its capital stock (other than dividends from its direct or indirect wholly-owned Subsidiaries and ordinary quarterly dividends, consistent with past practice with respect to timing of declaration and payment);

(c) adopt or effect a plan of complete or partial liquidation, dissolution, restructuring, recapitalization, or other reorganization;

(d) except to the extent expressly permitted by Section 5.4 or Article VIII, take any action that is intended or that would reasonably be expected to, individually or in the aggregate, prevent, impede, or materially delay the consummation of the Merger, or the other transactions contemplated by this Agreement; or

(e) agree or commit to do any of the foregoing.

Section 5.3 Access to Information; Confidentiality.

(a) Access.

(i) From the date of this Agreement until the earlier to occur of the Effective Time or the termination of this Agreement in accordance with the terms set forth in Article VIII, the Company shall, and shall cause its Subsidiaries to, afford to Parent and Parent's Representatives reasonable access, at reasonable times and in a manner as shall not unreasonably interfere with the business or operations of the Company or any Subsidiary thereof, to the officers, employees, accountants, agents, properties, offices, and other facilities and to all books, records, contracts, and other assets of the Company and its Subsidiaries, and the Company shall, and shall cause its Subsidiaries to, furnish promptly to Parent such other information concerning the business and properties of the Company and its Subsidiaries as Parent may reasonably request from time to time. Neither the Company nor any of its Subsidiaries shall be required to provide access to or disclose information where such access or disclosure would jeopardize the protection of attorney-client privilege or contravene any Law (it being agreed that the parties shall use their reasonable best efforts to cause such information to be provided in a manner that would not result in such jeopardy or contravention). No investigation shall affect the Company's representations, warranties, covenants, or agreements contained herein, or limit or otherwise affect the remedies available to Parent or Merger Sub pursuant to this Agreement.

(ii) Parent and the Company shall comply with, and shall cause their respective Representatives to comply with, all of their respective obligations under the Confidentiality Agreement, dated November 9, 2018, between Parent and the Company (the "*Confidentiality Agreement*"), which shall survive the termination of this Agreement in accordance with the terms set forth therein.

(b) Restrictions on Access. Notwithstanding anything to the contrary in this Agreement:

(i) Neither Parent nor Merger Sub shall, directly or indirectly, have discussions or communications of any kind with, or otherwise contact, any customer, supplier, vendor, employee, contractor, or agent of the Company or any of its Subsidiaries without the prior written consent of the Company's Chief Executive Officer or Chief Financial Officer in each specific instance.

(ii) Neither the Company nor any of its Subsidiaries shall be required to disclose any information to Parent, Merger Sub, or their respective representatives if such disclosure would, in the Company's reasonable determination: (A) jeopardize any attorney-client or other legal privilege, or (B) contravene any applicable Laws, fiduciary duty, or agreement entered into prior to the date of this Agreement.

(iii) None of Parent, Merger Sub, or any of their representatives shall have access to or otherwise review the Attorney Records. Each of Parent, Merger Sub, and as of the Closing, the Surviving Corporation and its Subsidiaries: (A) agrees that the Attorney Records shall belong solely to the Company Securityholders and none of Parent, Merger Sub or, from and after the Closing, the Surviving Corporation or any of its Subsidiaries, shall have any right to review, access, or obtain copies of the Attorney Records; and (b) waives any and all rights any of them may have with respect to the Attorney Records. All Attorney Records in the possession of the Company or any of its Subsidiaries on the Closing Date shall be immediately delivered to the Stockholder Representative or its designee.

Section 5.4 No Solicitation.

(a) The Company shall not, and shall not authorize or permit any of its Affiliates or any of its or their directors, officers, employees, investment bankers, attorneys, accountants, consultants, or other agents or advisors (with respect to any Person, the foregoing Persons are referred to herein as such Person's "*Representatives*") to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Company shall immediately cease and cause to be terminated, and shall cause its Affiliates and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "*Acquisition Proposal*" shall mean any inquiry, proposal or offer from any Person (other than Parent or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company; (ii) the issuance or acquisition of shares of capital stock or other equity securities of the Company; or (iii) the sale, lease, exchange or other disposition of any significant portion of the Company's properties or assets.

(b) In addition to the other obligations under this Section 5.4, the Company shall promptly (and in any event within three Business Days after receipt thereof by the Company or its Representatives) advise Parent orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) The Company agrees that the rights and remedies for noncompliance with this Section 5.4 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Parent and that money damages would not provide an adequate remedy to Parent.

Section 5.5 Company Stockholder Approval.

(a) Promptly following the execution of this Agreement, and within seventy- two (72) hours of the execution and delivery of this Agreement, the Company shall use its best efforts to obtain and deliver to Parent the Stockholder Approval.

(b) Promptly following, but in no event later than ten (10) Business Days after, receipt of the Stockholder Approval, the Company shall prepare and mail a notice (the "*Stockholder Notice*") to every stockholder of the Company that did not execute the Stockholder Approval. The Stockholder Notice shall (A) provide the stockholders of the Company to whom it is sent with notice of the actions taken in the Stockholder Approval, including the approval of the adoption of this Agreement and the transactions contemplated thereby, including the Merger, in accordance with Section 228(e) of the DGCL and the bylaws of the Company, and (B) inform the stockholders of the Company of the availability of appraisal rights in accordance with Section 262(d)(2) of the DGCL. All materials submitted to the Company Securityholders in accordance with this Section 5.5(b) shall be subject to Parent's advance review and reasonable approval within three (3) Business Days of receipt of such materials and if the Company has not received any comments or response from Parent within such time, the materials shall be deemed approved.

Section 5.6 Disclosure Schedules; Notices of Certain Events; Stockholder Litigation.

(a) *Disclosure Schedules*.

(i) Attached hereto is an initial draft of the Company Disclosure Schedules as of the date hereof (the "*Initial Company Disclosure Schedules*"). During the seven (7) day period beginning on the date hereof (which period may be extended for an additional seven (7) days if mutually agreed upon by Parent and the Stockholder Representative in their reasonable discretion), the parties will in good faith negotiate any additions, deletions, or other changes (including any of the foregoing that result from or arise out of events occurring during such seven (7)-day period) to the Initial Disclosure Schedules and upon, and subject to, the parties mutually agreeing to such additions, deletions, and other changes, will attach hereto the final Company Disclosure Schedules (the "*Final Company Disclosure Schedules*"). Unless otherwise specified, references in this Agreement to the "Company Disclosure Schedules" shall mean and refer to the Initial Company Disclosure Schedules until the Final Company Disclosure Schedules are attached hereto, after which such references shall mean and refer to the Final Company Disclosure Schedules. The parties must mutually agree upon any additional special indemnities requested by Parent based on the Final Disclosure Schedules. If the parties agree on any such additional special indemnities, the parties will enter into an amendment to this Agreement to incorporate such additional special indemnities into Article IX; *provided*, *however*, that in no event will the Company Indemnitors' aggregate liability under Article IX for Losses based upon, arising out of, with respect to or by reason of such additional special indemnities exceed $2,000,000.

(ii) To the extent relating to any matter, fact, event, occurrence, or circumstance arising solely and exclusively after the date on which the Company Disclosure Schedules are finalized pursuant to this Section 5.6(a) that, if existing or known on, or occurring before, such date, would have been required to be set forth on or described in the Company Disclosure Schedules, a notice delivered by the Company pursuant to Section 5.6(a) shall constitute a supplement or amendment to the Company Disclosure Schedules (in each case, a "*Schedule Update*"). Upon receipt of a Schedule Update, Parent shall have the right, exercisable by delivering written notice to the Stockholder Representative within five (5) Business Days after receipt of the Schedule Update to terminate this Agreement pursuant to Section 8.3(a) if any item(s) disclosed in the Schedule Update would cause Parent's and Merger Sub's condition to Closing set forth in Section 7.2(a) not to be satisfied if the Closing were to occur on the date of the Schedule Update. If Parent does not deliver such written notice of termination within such five (5) Business Day period after receipt of a Schedule Update, then the Schedule Update shall be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement with respect to the matter, fact, event, occurrence, or circumstance set forth in the Schedule Update, including for purposes of the indemnification and termination rights contained in this Agreement or for purposes of determining whether the conditions set forth in Article VII have been satisfied, and Parent (for itself and the other Parent Indemnitees) shall be deemed to have irrevocably waived any right to indemnification under Article IX with respect to the matter, fact, event, occurrence, or circumstances set forth in the Schedule Update.

(b) *Notices of Certain Events*. The Company shall notify Parent and Merger Sub, and Parent and Merger Sub shall notify the Company, promptly of: (i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement; (ii) any notice or other communication from any Governmental Entity in connection with the transactions contemplated by this Agreement; and (iii) any event, change, or effect between the date of this Agreement and the Effective Time which causes or is reasonably likely to cause the failure of the conditions set forth in Section 7.2(a), Section 7.2(b), or Section 7.2(c) of this Agreement (in the case of the Company and its Subsidiaries) or Section 7.3(a), Section 7.3(b), or Section 7.3(c) of this Agreement (in the case of Parent and Merger Sub), to be satisfied.

(c) *Company Stockholder Litigation*. The Company shall promptly advise Parent in writing after becoming aware of any Action commenced, or to the Company's Knowledge threatened, after the date hereof against the Company or any of its directors by any stockholder of the Company (on their own behalf or on behalf of the Company) relating to this Agreement or the transactions contemplated hereby (including the Merger) and shall keep Parent reasonably informed regarding any such Action. The Company shall give Parent the opportunity to consult with the Company regarding the defense or settlement of any such stockholder litigation and shall consider Parent's views with respect to such stockholder litigation and shall not settle any such stockholder litigation without the prior written consent of Parent (which consent shall not be unreasonably withheld, delayed, or conditioned).

Section 5.7 Resignations. The Company shall deliver to Parent written resignations, effective as of the Closing Date, of the officers and directors of the Company requested by Parent at least five (5) Business Days prior to the Closing.

Section 5.8 Directors' and Officers' Indemnification and Insurance.

(a) Parent and Merger Sub agree that all rights to indemnification, advancement of expenses and exculpation by the Company now existing in favor of each Person who is now, or has been at any time prior to the date hereof or who becomes prior to the Effective Time an officer or director of the Company (each a "*D&O Indemnified Party*") as provided in the Company's Charter Documents, in each case as in effect on the date of this Agreement, or pursuant to any other Contracts in effect on the date hereof and disclosed in Section 5.8 of the Company Disclosure Schedules, shall be assumed by the Surviving Corporation in the Merger, without further action, at the Effective Time and shall survive the Merger and shall remain in full force and effect in accordance with their terms, and, in the event that any proceeding is pending or asserted or any claim made during such period, until the final disposition of such proceeding or claim.

(b) For six years after the Effective Time, to the fullest extent permitted under applicable Law, Parent and the Surviving Corporation (the "*D&O Indemnifying Parties*") shall indemnify, defend and hold harmless each D&O Indemnified Party against all losses, claims, damages, liabilities, fees, expenses, judgments and fines arising in whole or in part out of actions or omissions in their capacity as such occurring at or prior to the Effective Time (including in connection with the transactions contemplated by this Agreement), and shall reimburse each D&O Indemnified Party for any legal or other expenses reasonably incurred by such D&O Indemnified Party in connection with investigating or defending any such losses, claims, damages, liabilities, fees, expenses, judgments and fines as such expenses are incurred, subject to the Surviving Corporation's receipt of an undertaking by such D&O Indemnified Party to repay such legal and other fees and expenses paid in advance if it is ultimately determined in a final and non- appealable judgment of a court of competent jurisdiction that such D&O Indemnified Party is not entitled to be indemnified under applicable Law; *provided*, *however*, that the Surviving Corporation will not be liable for any settlement effected without the Surviving Corporation's prior written consent (which consent shall not be unreasonably withheld or delayed).

(c) Prior to the Closing, the Company shall obtain and fully pay for "tail" insurance policies with a claims period of at least six (6) years from the Effective Time with at least the same coverage and amount and containing terms and conditions that are not less advantageous to the directors and officers of the Company as the Company's existing policies with respect to claims arising out of or relating to events which occurred before or at the Effective Time (including in connection with the transactions contemplated by this Agreement) (the "*D&O Tail Policy*"). The Company shall bear the cost of the D&O Tail Policy, and such costs, to the extent not paid prior to the Closing, shall be included in the determination of Transaction Expenses. During the term of the D&O Tail Policy, Parent shall not (and shall cause the Surviving Corporation not to) take any action following the Closing to cause the D&O Tail Policy to be cancelled or any provision therein to be amended or waived; provided, that neither Parent, the Surviving Corporation nor any Affiliate thereof shall be obligated to pay any premiums or other amounts in respect of such D&O Tail Policy.

(d) The obligations of Parent and the Surviving Corporation under this Section 5.08 shall survive the consummation of the Merger and shall not be terminated or modified in such a manner as to adversely affect any D&O Indemnified Party to whom this Section 5.8 applies without the consent of such affected D&O Indemnified Party (it being expressly agreed that the D&O Indemnified Parties to whom this Section 5.8 applies shall be third-party beneficiaries of this Section 5.8, each of whom may enforce the provisions of this Section 5.8).

(e) In the event Parent, the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall assume all of the obligations set forth in this Section 5.8. The agreements and covenants contained herein shall not be deemed to be exclusive of any other rights to which any Indemnified Party is entitled, whether pursuant to Law, Contract or otherwise. Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' and officers' insurance claims under any policy that is or has been in existence with respect to the Company or its officers, directors and employees, it being understood and agreed that the indemnification provided for in this Section 5.8 is not prior to, or in substitution for, any such claims under any such policies.

Section 5.9 Reasonable Best Efforts.

(a) Upon the terms and subject to the conditions set forth in this Agreement (including those contained in this Section 5.9), each of the parties hereto shall, and shall cause its Subsidiaries to, use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper, or advisable to consummate and make effective, and to satisfy all conditions to, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including: (i) the obtaining of all necessary Permits, waivers, and actions or nonactions from Governmental Entities and the making of all necessary registrations and filings (including filings with Governmental Entities) and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Entities; (ii) the obtaining of all necessary consents or waivers from third parties; and (iii) the execution and delivery of any additional instruments necessary to consummate the Merger and to fully carry out the purposes of this Agreement. The Company and Parent shall, subject to applicable Law, promptly: (A) cooperate and coordinate with the other in the taking of the actions contemplated by clauses (i), (ii), and (iii) immediately above; and (B) supply the other with any information that may be reasonably required in order to effectuate the taking of such actions. Each party hereto shall promptly inform the other party or parties hereto, as the case may be, of any communication from any Governmental Entity regarding any of the transactions contemplated by this Agreement. If the Company, on the one hand, or Parent or Merger Sub, on the other hand, receives a request for additional information or documentary material from any Governmental Entity with respect to the transactions contemplated by this Agreement, then it shall use reasonable best efforts to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request, and, if permitted by applicable Law and by any applicable Governmental Entity, provide the other party's counsel with advance notice and the opportunity to attend and participate in any meeting with any Governmental Entity in respect of any filing made thereto in connection with the transactions contemplated by this Agreement.

(b) The Company shall use its reasonable best efforts to obtain, for itself or one of its Subsidiaries, authority, whether by provisional license, provisional permit, co- license, contractual right, or otherwise, to conduct the Company's intended cannabis activities at a location in either Needles, California or Los Angeles, California (the "*Southern California License*"). If the Company has not obtained the Southern California License, but all conditions to Closing set forth in Article VII (other than Section 7.2(f)) have been satisfied or waived and this Agreement has not been terminated pursuant to Article VIII, then the parties hereto shall consummate the Merger pursuant to this Agreement and 200,000 shares of Parent Stock otherwise issuable as Closing Date Merger Consideration pursuant to Section 2.3(a)(i) shall be withheld and delivered to the Escrow Agent and, so long as the Southern California License is obtained on or before April 15, 2019 (subject to extension if agreed to by Parent and the Stockholder Representative in their reasonable discretion), shall be released to the Exchange Agent for further delivery to the record holders of Company Stock in the same manner as set forth in Section 2.3(b).

Section 5.10 Public Announcements. The initial press release with respect to this Agreement and the transactions contemplated hereby, to be released immediately following execution of this Agreement, shall be in the form attached hereto as Schedule 5.10. Thereafter, each of the Company, Parent, and Merger Sub agrees that no public release or announcement concerning the transactions contemplated hereby shall be issued by any party without the prior written consent of the Company and Parent (which consent shall not be unreasonably withheld, conditioned, or delayed), except as may be required by applicable Law or the rules or regulations of any applicable Canadian or United States securities exchange or other Governmental Entity to which the relevant party is subject or submits, in which case the party required to make the release or announcement shall use its reasonable best efforts to allow the other party reasonable time to comment on such release or announcement in advance of such issuance.

Section 5.11 Anti-Takeover Statutes. If any "control share acquisition," "fair price," "moratorium," or other anti-takeover Law becomes or is deemed to be applicable to Parent, the Merger Sub, the Company, the Merger, or any other transaction contemplated by this Agreement, then each of the Company and the Company Board on the one hand, and Parent and the Parent Board on the other hand, shall grant such approvals and take such actions as are necessary so that the transactions contemplated hereby may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to render such anti-takeover Law inapplicable to the foregoing.

Section 5.12 Stock Exchange Matters. Parent shall use its reasonable best efforts to cause the shares of Parent Stock to be issued in connection with the Merger to be listed on the CSE, subject to official notice of issuance, prior to the Effective Time. Parent agrees to provide to the Company reasonable opportunity to review and comment on any draft documentation required to be filed with the CSE relating to the issuance of the shares of Parent Stock issuable as Merger Consideration.

Section 5.13 Obligations of Merger Sub. Parent will take all action necessary to cause Merger Sub to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement.

Section 5.14 Further Assurances. At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Company or Merger Sub, any deeds, bills of sale, assignments, or assurances and to take and do, in the name and on behalf of the Company or Merger Sub, any other actions and things to vest, perfect, or confirm of record or otherwise in the Surviving Corporation any and all right, title, and interest in, to and under any of the rights, properties, or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

Section 5.15 Communication with Securities Regulators. Parent shall respond forthwith to any requests for information relating to the issuance of the shares of Parent Stock issuable as Merger Consideration as may be requested by the CSE or any applicable securities regulatory authority.

Section 5.16 Canadian Counsel. The parties will review and discuss in good faith changes to this Agreement that are recommended by either party's Canadian legal counsel.

ARTICLE VI
TAX MATTERS

Section 6.1 Tax Covenants.

(a) Without the prior written consent of Parent, prior to the Closing, the Company, its Subsidiaries, its Representatives and the Company Securityholders shall not make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Parent or the Surviving Corporation in respect of any Post-Closing Tax Period. The Company agrees that Parent is to have no liability for any Tax resulting from any such action of the Company, any of its Representatives or the Company Securityholders. The Company Indemnitors shall, jointly and severally, indemnify and hold harmless Parent against any such Tax or reduction of any Tax asset. Prior to Closing, Parent and Company shall confer in good faith to develop and implement agreed-upon procedures to commence resolution of the Tax matters disclosed in Section 3.15(a) of the Company Disclosure Schedule prior to Closing in order to minimize Tax Liabilities. Parent, following the Closing, shall use commercially reasonable efforts to resolve the Tax matters disclosed in Section 3.15(a) of the Company Disclosure Schedule as promptly as practicable and consistent with any agreed-upon procedures.

(b) All excise, sales, use, registration, stamp, recording, documentary, conveyancing, franchise, property, transfer, value added and similar Taxes, levies, charges and fees (collectively, "*Transfer Taxes*") arising from the transactions contemplated by this Agreement shall be paid fifty percent (50%) from the Company Indemnitors and fifty percent (50%) by Parent. The party required by Law to file Tax Returns with respect to such Transfer Taxes shall do so in the time and manner prescribed by Law. The applicable party shall provide the other with evidence reasonably satisfactory to such other party that such Transfer Taxes have been paid, or if the transactions are exempt from Transfer Taxes upon the filing of an appropriate certificate or other evidence of exemption.

Section 6.2 Termination of Existing Tax Sharing Agreements. Any and all existing Tax sharing agreements (whether written or not) binding upon the Company or any of its Subsidiaries shall be terminated as of the Closing Date. After such date neither the Company nor any of its Subsidiaries shall have any further rights or liabilities thereunder.

Section 6.3 Tax Indemnification. The Company Indemnitors shall, jointly and severally, indemnify the Company, Parent, and each Parent Indemnitee and hold them harmless from and against (a) any Loss attributable to any breach of or inaccuracy in any representation or warranty made in Section 3.7; (b) any Loss attributable to any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in this Article VI; (c) all Taxes of the Company and its Subsidiaries or relating to the business of the Company and its Subsidiaries for all Pre-Closing Tax Periods; (d) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company or its Subsidiaries (or any predecessor thereto) is or was a member on or prior to the Closing Date by reason of a liability under Treasury Regulation Section 1.1502-6 or any comparable provisions of foreign, state or local Law; and (e) any and all Taxes of any Person imposed on the Company or any of its Subsidiaries arising under the principles of transferee or successor liability or by contract, relating to an event or transaction occurring before the Closing Date. In each of the above cases, together with any out-of-pocket fees and expenses (including attorneys' and accountants' fees) incurred in connection therewith, the Company Indemnitors shall, jointly and severally, reimburse Parent for any Taxes of the Company and its Subsidiaries that are the responsibility of the Company Indemnitors pursuant to this Section 6.3 within five (5) Business Days prior to the date payment of such Taxes by Parent, the Company or any of their Subsidiaries or Affiliates are required to be paid.

Section 6.4 Tax Returns.

(a) The Company shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns required to be filed by it or any of its Subsidiaries that are due on or before the Closing Date (taking into account any extensions), and shall timely pay all Taxes that are due and payable on or before the Closing Date (taking into account any extensions). Any such Tax Return shall be prepared in a manner consistent with past practice (unless otherwise required by Law). The Company shall provide Parent a copy of such Tax Returns for its review within a reasonable period of time prior to the date for filing.

(b) Parent shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns required to be filed by the Company or any of its Subsidiaries after the Closing Date with respect to a Pre-Closing Tax Period and for any Straddle Period. Any such Tax Return shall be prepared in a manner consistent with past practice (unless otherwise required by Law) and, if it is an income Tax Return, shall be submitted by Parent to Stockholder Representative (together with schedules, statements and, to the extent requested by Stockholder Representative, supporting documentation) at least forty- five (45) days prior to the due date (including extensions) of such Tax Return. If the Stockholder Representative objects to any item on any such Tax Return that relates to a Pre-Closing Tax Period, it shall, within ten (10) days after delivery of such Tax Return, notify Parent in writing that it so objects, specifying with particularity any such item and stating the specific factual or legal basis for any such objection. If a notice of objection shall be duly delivered, Parent and Stockholder Representative shall negotiate in good faith and use their reasonable best efforts to resolve such items. If Parent and the Stockholder Representative are unable to reach such agreement within ten (10) days after receipt by Parent of such notice, the disputed items shall be resolved by the Independent Accountant and any determination by the Independent Accountant shall be final. The Independent Accountant shall resolve any disputed items within twenty (20) days of having the item referred to it pursuant to such procedures as it may require. If the Independent Accountant is unable to resolve any disputed items before the due date for such Tax Return, the Tax Return shall be filed as prepared by Parent and then amended to reflect the Independent Accountant's resolution. The costs, fees and expenses of the Independent Accountant shall be borne equally by Parent and Stockholder Representative. The preparation and filing of any Tax Return of the Company that does not relate to a Pre-Closing Tax Period or Straddle Period shall be exclusively within the control of Parent.

Section 6.5 Straddle Period. In the case of Taxes that are payable with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "*Straddle Period*"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(a) in the case of Taxes (i) based upon, or related to, income, receipts, profits, wages, capital or net worth, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

(b) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

Section 6.6 Contests. Parent agrees to give written notice to Stockholder Representative of the receipt of any written notice by the Company, Parent or any of Parent's Affiliates which involves the assertion of any claim, or the commencement of any Action, in respect of which an indemnity may be sought by Parent pursuant to this Article VI (a "*Tax Claim*"); *provided*, that failure to comply with this provision shall not affect Parent's right to indemnification hereunder except to the extent the Company Indemnitors are actually prejudiced thereby. Parent shall control the contest or resolution of any Tax Claim; *provided*, *however*, that Parent shall obtain the prior written consent of the Stockholder Representative (which consent shall not be unreasonably withheld or delayed) before entering into any settlement of a claim or ceasing to defend such claim; and, provided further, that the Stockholder Representative shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose, the fees and expenses of which separate counsel shall be borne solely by the Stockholder Representative.

Section 6.7 Cooperation and Exchange of Information. The Stockholder Representative, the Company and Parent shall provide each other with such cooperation and information as either of them reasonably may request of the others in filing any Tax Return pursuant to this Article VI or in connection with any audit or other proceeding in respect of Taxes of the Company or any of its Subsidiaries. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by tax authorities. Each of the Stockholder Representative, the Company and Parent shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by any of the other parties in writing of such extensions for the respective Tax periods. Prior to transferring, destroying or discarding any Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date, the Stockholder Representative, the Company or Parent (as the case may be) shall provide the other parties with reasonable written notice and offer the other parties the opportunity to take custody of such materials.

Section 6.8 Tax Treatment of Indemnification Payments. Any indemnification payments pursuant to this Article VI shall be treated as an adjustment to the Merger Consideration by the parties for Tax purposes, unless otherwise required by Law.

Section 6.9 Payments to Parent. Any amounts payable to Parent pursuant to this Article VI shall be satisfied from the Company Indemnitors, jointly and severally.

Section 6.10 FIRPTA Statement. On the Closing Date, the Company shall deliver to Parent a certificate, dated as of the Closing Date, certifying to the effect that no interest in the Company is a U.S. real property interest (such certificate in the form required by Treasury Regulation Section 1.897-2(h) and 1.1445-3(c)) (the "*FIPRTA Statement*").

Section 6.11 Survival. Notwithstanding anything in this Agreement to the contrary, the provisions of Section 3.7 and this Article VI shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus sixty (60) days.

Section 6.12 Overlap. To the extent that any obligation or responsibility pursuant to Article IX may overlap with an obligation or responsibility pursuant to this Article VI, the provisions of this Article VI shall govern.

ARTICLE VII
CONDITIONS

Section 7.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each party to this Agreement to effect the Merger is subject to the satisfaction or waiver (where permissible pursuant to applicable Law) on or prior to the Closing Date of each of the following conditions:

(a) *Company Stockholder Approval*. This Agreement will have been duly adopted by the Requisite Company Vote.

(b) *Listing*. Parent shall have provided to the CSE all documentation in the form required by the policies of the CSE relating to the issuance of the shares of Parent Stock issuable as Merger Consideration.

(c) *No Injunctions, Restraints, or Illegality*. No Governmental Entity having jurisdiction over any party hereto shall have enacted, issued, promulgated, enforced, or entered any Laws or Orders, whether temporary, preliminary, or permanent, that make illegal, enjoin, or otherwise prohibit consummation of the Merger, the Parent Stock Issuance, or the other transactions contemplated by this Agreement.

(d) *Governmental Consents*. All consents, approvals and other authorizations of any Governmental Entity set forth in Section 7.1 of the Company Disclosure Schedule and Section 7.1 of the Parent Disclosure Schedule and required to consummate the Merger, the Parent Stock Issuance, and the other transactions contemplated by this Agreement (other than the filing of the Certificate of Merger with the Secretary of State of the State of Delaware) shall have been obtained, free of any condition that would reasonably be expected to have a Company Material Adverse Effect or Parent Material Adverse Effect.

Section 7.2 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger are also subject to the satisfaction or waiver (where permissible pursuant to applicable Law) by Parent and Merger Sub on or prior to the Closing Date of the following conditions:

(a) *Representations and Warranties*. (i) The representations and warranties of the Company (other than in Section 3.1(a), Section 3.2, Section 3.3(a), Section 3.3(b), Section 3.3(d), Section 3.6(a)) set forth in Article III of this Agreement shall be true and correct in all respects (without giving effect to any limitation indicated by the words "Company Material Adverse Effect," "in all material respects," "in any material respect," "material," or "materially") when made and as of immediately prior to the Effective Time, as if made at and as of such time (except those representations and warranties that address matters only as of a particular date, which shall be true and correct in all respects as of that date), except where the failure of such representations and warranties to be so true and correct would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; (ii) the representations and warranties of the Company contained in Section 3.2 shall be true and correct (other than *de minimis* inaccuracies) when made and as of immediately prior to the Effective Time, as if made at and as of such time (except those representations and warranties that address matters only as of a particular date, which shall be true and correct in all material respects as of that date); and (iii) the representations and warranties contained in Section 3.1(a), Section 3.2, Section 3.3(a), Section 3.3(b), Section 3.3(d), Section 3.6(a) shall be true and correct in all respects when made and as of immediately prior to the Effective Time, as if made at and as of such time (except those representations and warranties that address matters only as of a particular date, which shall be true and correct in all respects as of that date).

(b) *Performance of Covenants*. The Company shall have performed in all material respects all obligations, and complied in all material respects with the agreements and covenants, in this Agreement required to be performed by or complied with by it at or prior to the Closing.

(c) *Company Material Adverse Effect*. Since the date of this Agreement, there shall not have been any Company Material Adverse Effect or any event, change, or effect that would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(d) *Officers Certificate*. Parent will have received a certificate, signed by the chief executive officer or chief financial officer of the Company, certifying as to the matters set forth in (a), (b), and (c) hereof.

(e) *Required Consents Obtained*. At the Closing, the Company and the Stockholders' Representative shall have obtained and delivered to Parent copies of all Consents set forth in Section 7.2(e) of the Company Disclosure Schedules, which schedule shall include all Cannabis Consents (collectively, the "*Required Consents*"), and no such Required Consents shall have been withdrawn, suspended or conditioned.

(f) *Southern California License*. The Company or its relevant Subsidiary shall have received from either the Los Angeles, California or Needles, California, applicable regulatory authorities a provisional operating license or permit authorizing the Company or such Subsidiary to conduct its intended cannabis activities at the location as previously communicated to Parent by the Company.

(g) Oakland License. The Company or its relevant Subsidiary shall have received from the Port of Oakland a provisional operating license or permit authorizing the Company or such Subsidiary to conduct its intended cannabis activities at the location as previously communicated to Parent by the Company.

(h) *Dissenting Shares*. Holders of no more than 3.0% of the shares of Company Stock shall have demanded and not effectively withdrawn or otherwise lost dissenters' rights under the Appraisal Rights Provisions.

(i) *Closing Deliverables*. The Company shall have delivered the items described in Section 2.4(a).

Section 7.3 Conditions to Obligation of the Company. The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver by the Company on or prior to the Effective Time of the following conditions:

(a) *Representations and Warranties*. (i) The representations and warranties of Parent and Merger Sub (other than in Section 4.1(a), Section 4.3(a), Section 4.3(b), Section 4.3(d), Section 4.5, Section 4.8, Section 4.9, and Section 4.13) set forth in Article IV of this Agreement shall be true and correct in all respects (without giving effect to any limitation indicated by the words "Parent Material Adverse Effect," "in all material respects," "in any material respect," "material," or "materially") when made and as of immediately prior to the Effective Time, as if made at and as of such time (except those representations and warranties that address matters only as of a particular date, which shall be true and correct in all respects as of that date), except where the failure of such representations and warranties to be so true and correct would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect; (ii) the representations and warranties of Parent and Merger Sub contained in Section 4.2 will be true and correct (other than *de minimis* inaccuracies) when made and as of immediately prior to the Effective Time, as if made at and as of such time (except those representations and warranties that address matters only as of a particular date, which shall be true and correct in all material respects as of that date); and (iii) the representations and warranties contained in Section 4.1(a), Section 4.3(a), Section 4.3(b), Section 4.3(d), Section 4.5, Section 4.8, Section 4.9, and Section 4.13 shall be true and correct in all respects when made and as of immediately prior to the Effective Time, as if made at and as of such time (except those representations and warranties that address matters only as of a particular date, which shall be true and correct in all respects as of that date).

(b) *Performance of Covenants*. Parent and Merger Sub shall have performed in all material respects all obligations, and complied in all material respects with the agreements and covenants, of this Agreement required to be performed by or complied with by them at or prior to the Closing.

(c) *Parent Material Adverse Effect*. Since the date of this Agreement, there shall not have been any Parent Material Adverse Effect or any event, change, or effect that would, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

(d) *Officers Certificate*. The Company will have received a certificate, signed by an officer of Parent, certifying as to the matters set forth in (a), (b), and (c).

(e) *Line of Credit*. The Line of Credit shall continue to be in full force and effect.

(f) *Closing Deliverables*. Parent shall have delivered the items described in Section 2.4(b).

ARTICLE VIII
TERMINATION, AMENDMENT, AND WAIVER

Section 8.1 Termination By Mutual Consent. This Agreement may be terminated at any time prior to the Effective Time by the mutual written consent of Parent and the Company.

Section 8.2 Termination By Either Parent or the Company. This Agreement may be terminated by either Parent or the Company at any time prior to the Effective Time:

(a) if the Merger has not been consummated on or before April 15, 2019 (the "*End Date*"); *provided, however,* that the right to terminate this Agreement pursuant to this Section 8.2(a) shall not be available to any party whose breach of any representation, warranty, covenant, or agreement set forth in this Agreement has been the primary cause of, or resulted in, the failure of the Merger to be consummated on or before the End Date; or

(b) if any Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced, or entered any Law or Order making illegal, permanently enjoining, or otherwise permanently prohibiting the consummation of the Merger, the Parent Stock Issuance, or the other transactions contemplated by this Agreement, and such Law or Order shall have become final and nonappealable; *provided, however,* that the right to terminate this Agreement pursuant to this Section 8.2(b) shall not be available to any party whose breach of any representation, warranty, covenant, or agreement set forth in this Agreement has been the primary cause of, or resulted in, the issuance, promulgation, enforcement, or entry of any such Law or Order.

Section 8.3 Termination by Parent. This Agreement may be terminated by Parent at any time prior to the Effective Time if:

(a) there shall have been a breach of any representation, warranty, covenant, or agreement on the part of the Company set forth in this Agreement such that the conditions to the Closing of the Merger set forth in Section 7.2(a) or Section 7.2(b), as applicable, would not be satisfied and, in either such case, such breach is incapable of being cured by the End Date; *provided, that* Parent shall have given the Company at least 30 days written notice prior to such termination stating Parent's intention to terminate this Agreement pursuant to this Section 8.3(a); *provided further*, that Parent shall not have the right to terminate this Agreement pursuant to this Section 8.3(a) if Parent or Merger Sub is then in material breach of any representation, warranty, covenant, or obligation hereunder, which breach has not been cured;

(b) the Stockholder Approval is not delivered by the Company to Parent within 72 hours after the date hereof; or

(c) within fourteen (14) days after the date hereof, Parent determines, in its sole and absolute discretion, that it is not satisfied with the results of its due diligence investigation of the assets, properties, prospects, and affairs of the Company.

Section 8.4 Termination by the Company. This Agreement may be terminated by the Company at any time prior to the Effective Time if:

(a) there shall have been a breach of any representation, warranty, covenant, or agreement on the part of Parent or Merger Sub set forth in this Agreement such that the conditions to the Closing of the Merger set forth in Section 7.3(a) or Section 7.3(b), as applicable, would not be satisfied and, in either such case, such breach is incapable of being cured by the End Date; *provided*, that the Company shall have given Parent at least twenty (20) days written notice prior to such termination stating the Company's intention to terminate this Agreement pursuant to this Section 8.4; *provided further*, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.4 if the Company is then in material breach of any representation, warranty, covenant, or obligation hereunder, which breach has not been cured; or

(b) if (A) all of the conditions set forth in Section 7.1, Section 7.2, and Section7.3 shall have been satisfied or waived in accordance with this Agreement as of the date that the Closing should have been consummated pursuant to Section 1.2 (other than those conditions that by their terms are to be satisfied at the Closing, provided that such conditions are capable of being satisfied), (B) the Stockholder Representative shall have delivered an irrevocable written notice to Parent stating that, if Parent and Merger Sub performs their obligations under this Agreement, the Company stands ready, willing and able to consummate the Closing, and will take all actions within their control to cause the Closing to be consummated, and (C) Parent shall have failed to consummate the Closing within two Business Days following the date of Parent's receipt of the written notice from the Stockholder Representative described in the immediately foregoing clause (B).

Section 8.5 Notice of Termination; Effect of Termination. The party desiring to terminate this Agreement pursuant to this Article VIII (other than pursuant to Section 8.1) shall deliver written notice of such termination to each other party hereto specifying with particularity the reason for such termination, and any such termination in accordance with this Section 8.5 shall be effective immediately upon delivery of such written notice to the other party. If this Agreement is terminated pursuant to this Article VIII, it will become void and of no further force and effect, with no liability on the part of any party to this Agreement (or any stockholder, director, officer, employee, agent, or Representative of such party) to any other party hereto, except: (a) with respect to Section 5.3(a)(ii), this Section 8.5, Section 8.6, Article IX (and any related definitions contained in any such Sections or Article), and Article X which shall remain in full force and effect; and (b) with respect to any liabilities or damages incurred or suffered by a party, to the extent such liabilities or damages were the result of Fraud or the material breach by another party of any of its representations, warranties, covenants, or other agreements set forth in this Agreement.

Section 8.6 Fees and Expenses Following Termination.

(a) If this Agreement is terminated pursuant to Section 8.3(a) or by the Company pursuant to Section 8.2(a), the Termination Fee shall be released in its entirety to Parent, and all outstanding principal and accrued and unpaid interest under the Line of Credit shall be due and payable by the Company to the Parent pursuant to the terms of the promissory note evidencing the Line of Credit, or, at Parent's option, may be invested by Parent (or an Affiliate of Parent designated by Parent) in the Company's Series A Financing (substantially on the terms set forth on Exhibit B to that certain Letter of Intent, dated November 6, 2018, between the Company and High Street Capital Partners, LLC (the "*LOI*") at the pre-money valuation set forth in Section 8.6(a)(ii) of the Company Disclosure Schedule. If this Agreement is terminated for any other reason, then Parent shall pay to the Company (by wire transfer of immediately available funds), at or prior to such termination, the Termination Fee on or prior to the termination of this Agreement, which Termination Fee shall be invested, for the benefit of Parent (or an Affiliate of Parent designated by Parent) in the Company's Series A Financing (substantially on the terms set forth on Exhibit B to the LOI) at (i) if this Agreement is terminated pursuant to Section 8.4 or by Parent pursuant to Section 8.2(a), the pre-money valuation set forth on Section 8.6(a)(i) of the Company Disclosure Schedule, (ii) if this Agreement is terminated pursuant to Section 8.3(c), the pre-money valuation set forth on Section 8.6(a)(ii) of the Company Disclosure Schedule, or (iii) if this Agreement is terminated pursuant to Section 8.1, Section 8.2(b), or Section 8.3(b), the pre-money valuation set forth on Section 8.6(a)(iii) of the Company Disclosure Schedule.

(b) All Expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such Expenses.

Section 8.7 Amendment. At any time prior to the Effective Time, this Agreement may, subject to any requirements under the DGCL, be amended or supplemented in any and all respects, by written agreement signed by each of the parties hereto.

Section 8.8 Extension; Waiver. At any time prior to the Effective Time, Parent or Merger Sub, on the one hand, or the Company, on the other hand, may: (a) extend the time for the performance of any of the obligations of the other party(ies); (b) waive any inaccuracies in the representations and warranties of the other party(ies) contained in this Agreement or in any document delivered under this Agreement; or (c) unless prohibited by applicable Law, waive compliance with any of the covenants, agreements, or conditions contained in this Agreement. Any agreement on the part of a party to any extension or waiver will be valid only if set forth in an instrument in writing signed by such party. The failure of any party to assert any of its rights under this Agreement or otherwise will not constitute a waiver of such rights.

ARTICLE IX
INDEMNIFICATION

Section 9.1 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein (other than any representations or warranties contained in Section 3.7, which are subject to Article VI) shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; *provided*, that the representations and warranties in (a) Section 3.1, Section 3.2, Section 3.3(a), Section 3.14, Section 4.1, Section 4.2(a), and Section 4.9 shall survive indefinitely, (b) Section 3.18 shall survive for a period of six (6) years after the Closing, and (c) subsections (c), (d) and (e) of Section 3.16 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus sixty (60) days.

All covenants and agreements of the parties contained herein (other than any covenants or agreements contained in Article VI which are subject to Article VI) shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Indemnified Party to the Indemnifying Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 9.2 Indemnification by Company Securityholders. Subject to the other terms and conditions of this Article IX, the Company Indemnitors, jointly and severally, shall indemnify and defend each of Parent and its Affiliates (including the Company) and their respective Representatives (collectively, the "*Parent Indemnitees*") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Parent Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Company contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Company pursuant to this Agreement (other than in respect of Section 3.7, it being understood that the sole remedy for any such inaccuracy in or breach thereof shall be pursuant to Article VI), as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Company pursuant to this Agreement (other than any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VI, it being understood that the sole remedy for any such breach, violation or failure shall be pursuant to Article VI);

(c) any claim made by any Company Securityholder relating to such Person's rights with respect to the Merger Consideration, or the calculations and determinations set forth on the Estimated Schedule or the Final Calculations;

(d) any Company Transaction Expenses or Closing Date Indebtedness to the extent not paid or satisfied by the Company at or prior to the Closing, or if paid by Parent or Merger Sub at or prior to the Closing, to the extent not deducted in the determination of Aggregate Closing Date Merger Consideration; or

(e) any of the matters set forth in Item 1 of Section 3.15(a) of the Initial Company Disclosure Schedule.

Section 9.3 Indemnification by Parent. Subject to the other terms and conditions of this Article IX, Parent shall indemnify and defend each of the Company Securityholders and their Affiliates and their respective Representatives (collectively, the "*Stockholder Indemnitees*") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Stockholder Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Parent and Merger Sub contained in this Agreement or in any certificate or instrument delivered by or on behalf of Parent or Merger Sub pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Parent or Merger Sub pursuant to this Agreement (other than Article VI, it being understood that the sole remedy for any such breach thereof shall be pursuant to Article VI).

Section 9.4 Certain Limitations; Source of Payment. The indemnification provided for in Section 9.2 and Section 9.3 shall be subject to the following limitations:

(a) The Company Indemnitors shall not be liable to the Parent Indemnitees for indemnification under Section 9.2(a) until the aggregate amount of all Losses in respect of indemnification under Section 9.2(a) exceeds $1,100,000 (the "*Basket*"), in which event the Company Indemnitors shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which the Company Securityholders shall be liable pursuant to Section 9.2(a) and Section 9.2(e) shall not exceed $18,000,000 (the "*Cap*").

(b) Parent shall not be liable to the Stockholder Indemnitees for indemnification under Section 9.3(a) until the aggregate amount of all Losses in respect of indemnification under Section 9.3(a) exceeds the Basket, in which event Parent shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Parent shall be liable pursuant to Section 9.3(a) shall not exceed the Cap.

(c) Notwithstanding the foregoing, the limitations set forth in Section 9.4(a) and Section 9.4(b) shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty in Section 3.1, Section 3.2, Section 3.3(a), Section 3.14, Section 4.1, Section 4.2(a), and Section 4.9.

(d) Notwithstanding anything in this Agreement to the contrary, in no event shall any Company Securityholder be (i) liable for Losses under this Agreement in an aggregate amount that exceeds the Pro Rata Portion of the Merger Consideration actually received by such Company Securityholder, (ii) liable for Fraud committed by any other Company Securityholder, or (iii) to the extent of Losses subject to the Cap, liable for Losses under this Agreement in an amount that exceeds such Company Securityholder's Pro Rata Portion of the Cap.

(e) For purposes of this Article IX, the existence of any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(f) The indemnified parties hereunder shall use its commercially reasonable efforts to mitigate any Loss for which it seeks to be indemnified pursuant to this Article IX in accordance with the requirements of applicable Law.

(g) The amount of any Losses that any indemnified party hereunder will be entitled to recover pursuant to this Article IX will be calculated net of any insurance proceeds or any indemnity, contribution or other similar payment actually recovered by the indemnified party from any third party with respect to such Losses, in each case net of all costs of recovery (including any increased insurance premiums directly attributable to any such insurance recovery). In the event that any insurance proceeds or other indemnity, contribution or similar payment is actually recovered by any indemnified party with respect to any Losses for which such indemnified party has previously been indemnified pursuant to this Article IX, then the indemnified party will promptly refund to the indemnifying party an amount equal to the lesser of (A) the aggregate amount of such insurance proceeds or other indemnity, contribution or similar payment (net of all costs of recovery, including any increased insurance premiums directly attributable to any such insurance recovery) and (B) the aggregate amount previously paid to the indemnified party by the indemnifying party pursuant to this Article IX in respect of such Losses. In the event any payment is made by an indemnifying party in respect of Losses pursuant to this Article IX, such indemnifying party shall be subrogated to the extent of such payment to any related rights of recovery of the indemnified party receiving such payment against any Person in respect of the Losses to which such payment relates.

(h) No Indemnified Party shall be entitled to indemnification pursuant to this Agreement with respect to the breach of any representation, warranty, covenant or agreement made by the Indemnifying Party in this Agreement if the Indemnified Party had, and the Indemnifying Party proves that the Indemnified Party had, actual knowledge of such breach as of the date hereof.

(i) *Source of Payment.* Any Losses in excess of the Basket that are payable by any Company Indemnitor under this Article IX shall be satisfied exclusively in the following manner and order: (i) first, from the Holdback Shares (and Parent and Stockholder Representative will execute and deliver joint written instructions instructing the Escrow Agent to make the applicable payments in accordance with terms and conditions of the Escrow Agreement and this Agreement), which, for the avoidance of doubt, shall include, at Parent's sole discretion, the Tax Indemnification Holdback Shares, and (ii) second, and only after (A) the Indemnification Holdback Shares have been exhausted, (B) Parent determines not to apply any Tax Indemnification Holdback Shares to satisfy such claim or (C) if there are no Holdback Shares then remaining, from the Company Indemnitors, in each case pursuant to the terms and subject to the limitations set forth in this Agreement. In the event any Company Indemnitor is entitled to recover Losses from a Company Indemnitor under this Section 9.4(i), such Losses may be paid by the Company Securityholder, at his, her, or its option, either in cash or by surrendering shares of Parent Stock then held by such Company Securityholder to Parent. For all purposes of this Article IX, shares of Parent Stock, including, without limitation, shares of Parent Stock released from the Holdback Shares to satisfy Company Indemnitor obligations under this Article IX shall be deemed to have a value of $25.00 per share.

Notwithstanding the foregoing or anything in this Agreement to the contrary, and any Losses incurred relating to the matters set forth on Section 3.15(a) of the Company Disclosure Schedule shall not be applied against the Basket unless and until any such Losses exceeds $1,100,000, in which case the amount of Losses in excess of $1,100,000 shall be applied against the Basket.

Section 9.5 Indemnification Procedures. The party making a claim under this Article IX is referred to as the "*Indemnified Party*", and the party against whom such claims are asserted under this Article IX is referred to as the "*Indemnifying Party*". For purposes of this Article IX, (i) if Parent (or any other Parent Indemnitee) comprises the Indemnified Party, any references to Indemnifying Party (except provisions relating to an obligation to make payments) shall be deemed to refer to the Stockholder Representative, and (ii) if Parent comprises the Indemnifying Party, any references to the Indemnified Party shall be deemed to refer to the Stockholder Representative. Any payment received by Stockholder Representative as the Indemnified Party shall be distributed to the Company Securityholders in accordance with this Agreement.

(a) *Third Party Claims*. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "*Third Party Claim*") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; provided, that if the Indemnifying Party is a Company Indemnitor, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier or customer of the Company, or (y) seeks an injunction or other equitable relief against the Indemnified Parties. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 9.5(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 9.5(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Stockholder Representative and Parent shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) *Settlement of Third Party Claims*. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 9.5(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 9.5(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) *Direct Claims*. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "*Direct Claim*") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Company's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) *Tax Claims*. Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of the Company or any of its Subsidiaries (including, but not limited to, any such claim in respect of a breach of the representations and warranties in Section 3.7 hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation in Article VI) shall be governed exclusively by Article VI hereof.

Section 9.6 Payments. Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article IX, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds.

Section 9.7 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Merger Consideration for Tax purposes, unless otherwise required by Law.

Section 9.8 Exclusive Remedies. Subject to Section 10.13, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from Fraud, criminal activity or intentional misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in Article VI and this Article IX. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in Article VI and this Article IX. Nothing in this Article IX shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's Fraudulent, criminal or intentional misconduct.

ARTICLE X
MISCELLANEOUS

Section 10.1 Definitions. For purposes of this Agreement, the following terms will have the following meanings when used herein with initial capital letters:

"*Acquisition Proposal*" has the meaning set forth in Section 5.4(a).

"*Action*" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, examination, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"*Affiliate*" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such first Person. For the purposes of this definition, "control" (including, the terms "controlling," "controlled by," and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by Contract, or otherwise.

"*Affordable Care Act*" has the meaning set forth in Section 3.16(h).

"*Aggregate Closing Date Merger Consideration*" has the meaning set forth in Section 2.1(c)(iii).

"*Agreement*" has the meaning set forth in the Preamble.

"*Antitrust Laws*" has the meaning set forth in Section 3.3(c).

"*Appraisal Rights Provisions*" has the meaning set forth in Section 2.3(h).

"*Associate*" has the meaning set forth in Section 203(c)(2) of the DGCL.

"*Attorney Records*" means all of the books, files, documents, and records of advisors, including brokers, attorneys, accountants, or other advisers and service providers, in each case relating to their respective representations of the Company or any of its Subsidiaries in connection with the negotiation, execution, and delivery of this Agreement, the other Transaction Documents, or the transactions contemplated hereby or thereby.

"*Authorized Action*" has the meaning set forth in Section 2.10(f).

"*Balance Sheet*" has the meaning set forth in Section 3.4.

"*Balance Sheet Date*" has the meaning set forth in Section 3.4.

"*Basket*" has the meaning set forth in Section 9.4(a).

"*Book-Entry Share*" has the meaning set forth in Section 2.1(d).

"*Business Day*" means any day, other than Saturday, Sunday, or any day on which banking institutions located in New York, NY are authorized or required by Law or other governmental action to close.

"*Canceled Shares*" has the meaning set forth in Section 2.1(a).

"*Cannabis Consents*" means any and all Consents or other requirements of any Governmental Entity or under any License held by the Company in connection with the business of the Company in the cannabis industry.

"*Cap*" has the meaning set forth in Section 9.4(a).

"*Certificate*" has the meaning set forth in Section 2.1(d).

"*Certificate of Merger*" has the meaning set forth in Section 1.3.

"*Charter Documents*" means: (a) with respect to a corporation, the charter, Articles or certificate of incorporation, as applicable, and bylaws thereof; (b) with respect to a limited liability company, the certificate of formation or organization, as applicable, and the operating or limited liability company agreement, as applicable, thereof; (c) with respect to a partnership, the certificate of formation and the partnership agreement; and (d) with respect to any other Person the organizational, constituent and/or governing documents and/or instruments of such Person.

"*Closing*" has the meaning set forth in Section 1.2.

"*Closing Date*" has the meaning set forth in Section 1.2.

"*Closing Date Indebtedness*" means the aggregate amount of Indebtedness, determined as of and immediately prior to the Closing.

"*Closing Date Merger Consideration*" means the shares of Parent Stock issuable as the Merger Consideration less the Holdback Shares and less the Stockholder Representative Fund Shares.

"*Code*" has the meaning set forth in the Recitals.

"*Company*" has the meaning set forth in the Preamble.

"*Company Benefit Plans*" has the meaning set forth in Section 3.16(a).

"*Company Board*" has the meaning set forth in the Recitals.

"*Company Common Stock*" has the meaning set forth in the Recitals.

"*Company Disclosure Schedules*" means the disclosure schedules delivered by the Company to Parent concurrently with the execution and delivery of this Agreement.

"*Company Indemnitors*" means, collectively, and jointly and severally, the holders of Company Stock.

"*Company IP*" has the meaning set forth in Section 3.8(a).

"*Company Material Adverse Effect*" means any event, occurrence, fact, condition, or change that is, or would reasonably be expected to become, individually or in the aggregate, materially adverse to: (a) the business, results of operations, condition (financial or otherwise), or assets of the Company and its Subsidiaries, taken as a whole; or (b) the ability of the Company to consummate the transactions contemplated hereby on a timely basis (other than as a result of or caused by any actions taken or not taken by the Parent or Merger Sub); *provided, however,* that, for the purposes of clause (a), a Company Material Adverse Effect shall not be deemed to include events, occurrences, facts, conditions or changes arising out of, relating to, or resulting from : (i) changes generally affecting the economy, financial, or securities markets; (ii) the announcement of the transactions contemplated by this Agreement; (iii) any outbreak or escalation of war or any act of terrorism or national or international political or social conditions, including the engagement in hostilities; (iv) general conditions in the industry in which the Company and its Subsidiaries operate; (v) the conditions of any financial, banking or securities markets (including any disruption thereof, any decline in the price of any security or any market index and any changes in interest or exchange rates), (vi) changes in GAAP, (vii) changes in Law, including the enforcement and interpretation thereof; (viii) earthquakes, hurricanes, floods or other natural disasters; (viii) the taking of any action by the Company, its Subsidiaries or any Company Securityholder that is required or expressly permitted pursuant to this Agreement or taken with the prior written consent of the Parent; or (ix) the failure, in and of itself, of the Company and its Subsidiaries to meet any published or internally prepared estimates of revenues, earnings or other financial projections, performance measures or operating statistics; *provided further*, *however*, that any event, change, and effect referred to in clauses (i), (iii), or (iv) immediately above shall be taken into account in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such event, change, or effect has a disproportionate adverse effect on the Company and its Subsidiaries, taken as a whole, compared to other participants in the cannabis contract manufacturing industry in which the Company and its Subsidiaries conduct their businesses.

"*Company Per Share Merger Consideration*" has the meaning set forth in Section 2.1(c)(ii).

"*Company Preferred Stock*" has the meaning set forth in the Recitals.

"*Company Securityholders*" means the holders of Company Stock and Company Stock Options.

"*Company Stock*" has the meaning set forth in the Recitals.

"*Company Stock Option*" has the meaning set forth in Section 2.8(a).

"*Company Stock Option Exercise Amount*" means an amount equal to the aggregate exercise price for all Company Stock Options.

"*Company Stock Plans*" means the following plans, in each case as amended: Form Factory, Inc. 2018 Stock Incentive Plan.

"*Company Subsidiary Securities*" has the meaning set forth in Section 3.2(g).

"*Company Transaction Expenses*" means, to the extent not paid prior to the Closing, (a) all fees and expenses of the Company or any of its Subsidiaries or any Company Securityholder (to the extent payable by the Company) incurred in connection with the Merger and the other Transaction Documents and the other transactions contemplated hereby and thereby, (b) the fees and expenses of Tonkon Torp LLP, The Michael L. Larson Company, P.C., Potter Anderson Corroon LLP, and Miller Thomson LLP, (c) any stay-bonus, transaction completion bonus, change of control payment or other similar payment made or required to be made to any director, officer or employee of the Company (plus the employer portion of FICA and Medicare Taxes with respect thereto) as a result of this Agreement, the Merger or the transactions contemplated hereby and thereby and (d) any other amounts under any agreement or arrangement to which the Company is subject and which are not included in subparagraph (c) herein that are payable or would become payable by the Company to any other Person as a result of this Agreement, the Merger or the transactions contemplated hereby and thereby (including without limitation the employer portion of FICA and Medicare Taxes with respect to the payments to the holders of Company Stock Options).

"*Confidentiality Agreement*" has the meaning set forth in Section 5.3(a)(ii).

"*Consent*" has the meaning set forth in Section 3.3(c).

"*Contracts*" means any contracts, agreements, licenses, notes, bonds, mortgages, indentures, leases, or other binding instruments or binding commitments, whether written or oral.

"*CSE*" means the Canadian Securities Exchange.

"*DGCL*" has the meaning set forth in the Recitals.

"*Direct Claim*" has the meaning set forth in Section 9.5(c).

"*D&O Indemnified Party*" has the meaning set forth in Section 5.8(a).

"*D&O Indemnifying Parties*" has the meaning set forth in Section 5.8(b).

"*D&O Tail Policy*" has the meaning set forth in Section 5.8(c).

"*Dissenting Shares*" has the meaning set forth in Section 2.3(h).

"*DOL*" has the meaning set forth in Section 3.16(b).

"*Effective Time*" has the meaning set forth in Section 1.3.

"*Encumbrance*" means any claim, charge, lease, covenant, easement, encumbrance, pledge, security interest, lien, option, right of others, mortgage, deed of trust, hypothecation, conditional sale or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract or Law.

"*End Date*" has the meaning set forth in Section 8.2(a).

"*Environmental Laws*" means any applicable Law, and any Order or binding agreement with any Governmental Entity: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or
(b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 *et seq.*; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 *et seq.*; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 *et seq.*; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 *et seq.*; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 *et seq.*; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 *et seq.*; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 *et seq.*

"*ERISA*" has the meaning set forth in Section 3.15(a).

"*ERISA Affiliates*" has the meaning set forth in Section 3.16(a).

"*Escrow Agent*" has the meaning set forth in Section 2.3(a)(ii).

"*Escrow Agreement*" has the meaning set forth in Section 2.3(a)(ii).

"*Estimated Closing Indebtedness*" has the meaning set forth in Section 2.2(a).

"*Estimated Company Transaction Expenses*" has the meaning set forth in Section 2.9(a)(i).

"*Estimated Schedule*" has the meaning set forth in Section 2.9(a)(i).

"*Exchange Agent*" has the meaning set forth in Section 2.3(a).

"*Exchange Fund*" has the meaning set forth in Section 2.3(a).

"*Exchange Ratio*" has the meaning set forth in Section 2.1(b).

"*Expenses*" means, with respect to any Person, all reasonable and documented out-of- pocket fees and expenses (including all fees and expenses of counsel, accountants, financial advisors, and investment bankers of such Person and its Affiliates), incurred by such Person or on its behalf in connection with or related to the authorization, preparation, negotiation, execution, and performance of this Agreement and any transactions related thereto, any litigation with respect thereto, or in connection with other regulatory approvals, and all other matters related to the Merger, the Parent Stock Issuance, and the other transactions contemplated by this Agreement.

"*FIPRTA Statement*" has the meaning set forth in Section 6.10.

"*Final Company Disclosure Schedules*" has the meaning set forth in Section 5.6(a)(i).

"*Financial Statements*" has the meaning set forth in Section 3.4.

"*Fraud*" means intentional fraud and shall exclude equitable fraud, promissory fraud, unfair dealing fraud and any other fraud based claim.

"*GAAP*" means United States generally accepted accounting principles in effect from time to time.

"*Governmental Entity*" has the meaning set forth in Section 3.3(c).

"*Hazardous Substance*" shall mean: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, or gas, in each case, whether naturally occurring or man-made, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum- derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead- containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

"*Holdback Shares*" means, collectively, the Indemnification Holdback Shares and the Tax Indemnification Holdback Shares (totaling in the aggregate 720,000 shares of Parent Stock otherwise included as Merger Consideration).

"*Indebtedness*" means, as of any date, without duplication, the outstanding principal amount of, accrued and unpaid interest on and other outstanding payment obligations arising under any obligations of the Company or any of its Subsidiaries consisting of: (a) funded indebtedness for borrowed money, whether current, short-term or long-term and whether secured or unsecured, or for the deferred purchase price of property or services (including any "earn-out" or similar payments but excluding the Line of Credit, trade payables and equipment financing incurred in the ordinary course of business), related accrued interest and prepayment penalties; (b) funded indebtedness evidenced by any note, bond, debenture or other debt security, related accrued interest and prepayment penalties; (c) any indebtedness referred to in clauses (a) and (b) above of any Person that is either guaranteed (including under any "keep well" or similar arrangement) by, or secured by any Encumbrance upon any property or asset owned by, the Company or any of its Subsidiaries, in each case, as of such date; and (d) advances made to employees or companies other than in the ordinary course of business. For the avoidance of doubt, "Indebtedness" shall not include: (i) any liabilities taken into account in the calculation of the Aggregate Closing Date Merger Consideration; or (ii) any amounts included in the Company Transaction Expenses.

"*Indemnification Holdback Shares*" means 680,000 shares of Parent Stock otherwise included as Merger Consideration.

"*Indemnified Party*" has the meaning set forth in Section 9.5.

"*Indemnifying Party*" has the meaning set forth in Section 9.5.

"*Independent Accountant*" has the meaning set forth in Section 2.9(d).

"*Initial Company Disclosure Schedules*" has the meaning set forth in Section 5.6(a)(i).

"*Intellectual Property*" has the meaning set forth in Section 3.8(a).

"*Interim Balance Sheet*" has the meaning set forth in Section 3.4.

"*Interim Balance Sheet Date*" has the meaning set forth in Section 3.4.

"*Interim Financial Statements*" has the meaning set forth in Section 3.4.

"*IP Licenses*" has the meaning set forth in Section 3.8(c).

"*Knowledge*" means: (a) with respect to the Company and its Subsidiaries, the knowledge of each of the individuals listed in Section 10.1 of the Company Disclosure Schedule; and (b) with respect to Parent its Subsidiaries, the knowledge of each of the individuals listed in Section 10.1 of the Parent Disclosure Schedule. Any such individual shall be deemed to have knowledge of a particular fact or matter if: (i) such individual is actually aware of such fact or matter, or (ii) such fact or matter would reasonably have been known by an individual in a like position in the diligent performance of his or her duties with the Company or its Subsidiaries or the Parent, as applicable.

"*Laws*" means any federal, state, provincial, local, municipal, foreign, multi-national or other laws, common law, statutes, constitutions, ordinances, rules, regulations, codes, Orders, or legally enforceable requirements enacted, issued, adopted, promulgated, enforced, ordered, or applied by any Governmental Entity.

"*Lease*" shall mean all leases, subleases, licenses, concessions, and other agreements (written or oral) under which the Company or any of its Subsidiaries holds any Leased Real Estate, including the right to all security deposits and other amounts and instruments deposited by or on behalf of the Company or any of its Subsidiaries thereunder.

"*Leased Real Estate*" shall mean all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures, or other interest in real property held by the Company or any of its Subsidiaries.

"*Letter of Intent*" has the meaning set forth in Section 2.3(b).

"*Liability*" shall mean any liability, indebtedness, or obligation of any kind (whether accrued, absolute, contingent, matured, unmatured, determined, determinable, or otherwise, and whether or not required to be recorded or reflected on a balance sheet under GAAP).

"*Licenses*" means all licenses, permits (including environmental, construction and operational permits), franchises, certificates, approvals, registrations, authorizations, variances and similar rights issued by any Governmental Entity and all pending applications therefor and renewals thereof.

"*Line of Credit*" means the working capital and capital expenditure line of credit provided by the Parent to the Company in the amount of up to $8,000,000 for use by the Company to fund its working capital needs and to pay down any existing indebtedness of the Company and its Subsidiaries, including any payoffs required at Closing.

"*Listing Statement*" has the meaning set forth in Section 4.14(b).

"*LOI*" has the meaning set forth in Section 8.6(a).

"*Losses*" means losses, damages, Liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; provided, however, that "Losses" shall not include punitive, incidental, consequential or exemplary damages, except to the extent reasonably foreseeable or actually awarded to a Governmental Authority or other third party.

"*Material Contracts*" has the meaning set forth in Section 3.19.

"*Material Customers*" has the meaning set forth in Section 3.10(a).

"*Material Vendors*" has the meaning set forth in Section 3.10(b).

"*Merger*" has the meaning set forth in Section 1.1.

"*Merger Consideration*" has the meaning set forth in Section 2.1(b).

"*Merger Sub*" has the meaning set forth in the Preamble.

"*Merger Sub Board*" has the meaning set forth in the Recitals.

"*Money Laundering Laws*" has the meaning set forth in Section 3.11(c).

"*Order*" means any order, writ, assessment, decision, injunction, decree, ruling, or judgment of any Governmental Entity.

"*Other Governmental Approvals"* has the meaning set forth in Section 3.3(c).

"*Owned Real Estate*" shall mean all land, together with all buildings, structures, fixtures, and improvements located thereon and all easements, rights of way, and appurtenances relating thereto, owned by the Company or any of its Subsidiaries.

"*Parent*" has the meaning set forth in the Preamble.

"*Parent Balance Sheet*" has the meaning set forth in Section 4.4.

"*Parent Board*" has the meaning set forth in the Recitals.

"*Parent Disclosure Schedules*" means the disclosure schedules delivered by Parent to the Company concurrently with the execution and delivery of this Agreement.

"*Parent Indemnitees*" has the meaning set forth in Section 9.2.

"*Parent Material Adverse Effect*" means any event, occurrence, fact, condition, or change that is, or would reasonably be expected to become, individually or in the aggregate, materially adverse to: (a) the business, results of operations, condition (financial or otherwise), or assets of Parent and its Subsidiaries, taken as a whole; or (b) the ability of Parent to consummate the transactions contemplated hereby on a timely basis; *provided, however,* that, for the purposes of clause (a), a Parent Material Adverse Effect shall not be deemed to include events, occurrences, facts, conditions, or changes arising out of, relating to, or resulting from: (i) changes generally affecting the economy, financial, or securities markets; (ii) the announcement of the transactions contemplated by this Agreement; (iii) any outbreak or escalation of war or any act of terrorism; (iv) general conditions in the industry in which Parent and its Subsidiaries operate; (v) any failure, in and of itself, by Parent to meet any internal or published projections, forecasts, estimates, or predictions in respect of revenues, earnings, or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or would reasonably be expected to become, a Parent Material Adverse Effect, to the extent permitted by this definition and not otherwise excepted by a clause of this proviso); or (vi) any change, in and of itself, in the market price or trading volume of Parent's securities or in its credit ratings (it being understood that the facts or occurrences giving rise to or contributing to such change may be deemed to constitute, or be taken into account in determining whether there has been or would reasonably be expected to become, a Parent Material Adverse Effect, to the extent permitted by this definition and not otherwise excepted by a clause of this proviso), *provided further*, *however*, that any event, change, and effect referred to in clauses (i), (iii), or (iv) immediately above shall be taken into account in determining whether a Parent Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such event, change, or effect has a disproportionate effect on Parent and its Subsidiaries, taken as a whole, compared to other participants in the industries in which Parent and its Subsidiaries conduct their businesses.

"*Parent Stock*" has the meaning set forth in the Recitals.

"*Parent Stock Issuance*" means the issuance by Parent to the Company Securityholders of Parent Stock as Merger Consideration pursuant to the terms of this Agreement.

"*Pay-Off Lender*" has the meaning set forth in Section 2.2(a).

"*Permitted Encumbrances*" means: (a) carriers', warehouseman's, mechanics', materialmen's and repairmen's liens which have arisen in the ordinary course and securing obligations incurred prior to the Closing Date that are not delinquent and that will be paid and discharged in the ordinary course of business, or, if delinquent, that are being contested in good faith with any action to foreclose on or attach any asset on account thereof properly stayed; (b) Encumbrances arising under or in connection with the Closing Date Indebtedness that will be discharged at Closing; (c) Encumbrances imposed or promulgated by Laws with respect to real property and improvements, including zoning regulations, that, singularly or in the aggregate, will not interfere with the ownership, use or operation of such real property; (d) Encumbrances for Taxes that are not yet due and payable or the validity of which is being contested in good faith by appropriate proceedings; and (e) Encumbrances set forth on Section 3.17(d) of the Company Disclosure Schedule.

"*Person*" means any individual, corporation, limited or general partnership, limited liability company, limited liability partnership, trust, association, joint venture, Governmental Entity, or other entity or group.

"*Post-Closing Tax Period*" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

"*Post-Closing Taxes*" means Taxes of the Company for any Post-Closing Tax Period.

"*Pre-Closing Tax Period*" means any taxable period ending on or before the Closing

Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

"*Pre-Closing Taxes*" means Taxes of the Company for any Pre-Closing Tax Period.

"*Pro Rata Portion*" means, with respect to each Company Securityholder, a fraction, the numerator of which is the aggregate number of shares of Company Stock and Company Common Stock issuable upon exercise of any Company Stock Options held by such Company Securityholder, and the denominator of which is the aggregate number of shares of Company Stock and Company Common Stock issuable upon exercise of any Company Stock Options held by all Company Securityholders, such Pro Rata Portion shall be set forth on the Merger Consideration Schedule.

"*Public Record*" means all information filed by Parent with the Ontario Securities Commission, the CSE, or both in compliance, or intended compliance, with the Securities Laws of Ontario and the rules and policies of the CSE from November 14, 2018 forward.

"*Real Estate*" means the Owned Real Estate and the Leased Real Estate.

"*Representatives*" has the meaning set forth in Section 5.4.

"*Requisite Company Vote*" has the meaning set forth in Section 3.3(a).

"*SEC*" means the United States Securities and Exchange Commission.

"*Securities Laws*" means all securities laws, rules, regulations, instruments, notices, blanket orders, decision documents, statements, circulars, procedures and policies that are applicable to Parent.

"*Service*" has the meaning set forth in Section 3.16(b).

"*Seller Parties*" has the meaning set forth in Section 10.15(b).

"*Settlement Date*" has the meaning set forth in Section 2.9(e).

"Southern California License" has the meaning set forth in Section 5.9(b).

"*Stockholder Approval*" has the meaning set forth in the Recitals.

"*Stockholder Indemnitees*" has the meaning set forth in Section 9.3.

"*Stockholder Notice*" has the meaning set forth in Section 5.5(b).

"*Stockholder Representative Fund Shares*" means 40,000 shares of Parent Stock otherwise included in the Merger Consideration.

"*Straddle Period*" has the meaning set forth in Section 6.5.

"*Subsidiary*" of a Person means a corporation, partnership, limited liability company, or other business entity of which a majority of the shares of voting securities is at the time beneficially owned, or the management of which is otherwise controlled, directly or indirectly, through one or more intermediaries, or both, by such Person.

"*Surviving Corporation*" has the meaning set forth in Section 1.1.

"*Tax Claim*" has the meaning set forth in Section 6.6.

"*Taxes*" means all (a) U.S. federal, state, local and foreign income, profits, franchise, sales, use, ad valorem, personal property, other property, unclaimed property or escheat (whether or not treated as a tax under applicable Law), severance, production, excise, stamp, stamp duty revenue tax, stamp duty land tax, documentary, real property, real property transfer or gain, gross receipts, goods and services, registration, capital, capital stock, transfer, withholding, estimated, alternative, minimum, add-on minimum, value added, natural resources, entertainment, amusement, occupation, premium, windfall profit, environmental, customs, duties, special assessment, social security, national insurance contributions, unemployment, disability, payroll, license, employee, healthcare (whether or not treated as a tax under applicable Law) or other tax of any kind whatsoever (whether payable directly or by withholding), including any interest, penalties, or additions to tax or additional amounts in respect of the foregoing; (b) liability for the payment of any amounts of the type described in clause (a) above arising as a result of being (or ceasing to be) a member of any affiliated, consolidated combined, unitary or aggregate group (or being included (or required to be included) in any Tax Return relating thereto); and (c) liability for the payment of any amounts of the type described in clause (a) of another Person as a result of any transferee or secondary liability or any liability assumed by contract, agreement, Law or otherwise.

"*Tax Indemnification Holdback Shares*" means 40,000 shares of Parent Stock otherwise included as Merger Consideration.

"*Tax Returns*" means any return, declaration, report, claim for refund, information return or statement, or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"*Termination Fee*" means US$10,000,000, less all amounts outstanding under the Line of Credit (including all outstanding principal and accrued but unpaid interest).

"*Third Party Claim*" has the meaning set forth in Section 9.5(a).

"*Tonkon*" has the meaning set forth in Section 10.15(a).

"*Transaction Documents*" means this Agreement, and the other agreements, documents, certificates and instruments required to be executed or delivered by any of the parties pursuant to this Agreement, including, without limitation, the Escrow Agreement, the restrictive covenant agreements identified in Section 2.4(a)(viii), the employee offer letters identified in Section 2.4(a)(vii), the termination of employment agreements identified in Section 2.4(a)(ix).

"*Treasury Regulations*" means the Treasury regulations promulgated under the Code. Section

10.2 Interpretation; Construction.

(a) The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section, Exhibit, Article, or Schedule, such reference shall be to a Section of, Exhibit to, Article of, or Schedule of this Agreement unless otherwise indicated. Unless the context otherwise requires, references herein: (i) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (ii) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," and the word "or" is not exclusive. The word "extent" in the phrase "to the extent" means the degree to which a subject or other thing extends, and does not simply mean "if." A reference in this Agreement to $ or dollars is to U.S. dollars. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. The words "hereof," "herein," "hereby," "hereto," and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to "this Agreement" shall include the Company Disclosure Schedule and Parent Disclosure Schedule.

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

Section 10.3 Survival. None of the representations and warranties contained in this Agreement or in any instrument delivered under this Agreement will survive the Effective Time. This Section 10.3 does not limit any covenant or agreement of the parties contained in this Agreement which, by its terms, contemplates performance after the Effective Time. The Confidentiality Agreement will survive termination of this Agreement in accordance with its terms.

Section 10.4 Governing Law. This Agreement and all Actions (whether based on contract, tort, or statute) arising out of or relating to this Agreement or the actions of any of the parties hereto in the negotiation, administration, performance, or enforcement hereof, shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the State of Delaware.

Section 10.5 Submission to Jurisdiction. Each of the parties hereto irrevocably agrees that any Action with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by any other party hereto or its successors or assigns shall be brought and determined exclusively in the Court of Chancery of the State of Delaware, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such Action, in the United States District Court of the District of Delaware. Each of the parties hereto agrees that mailing of process or other papers in connection with any such Action in the manner provided in Section 10.7 or in such other manner as may be permitted by applicable Laws, will be valid and sufficient service thereof. Each of the parties hereto hereby irrevocably submits with regard to any such Action for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any Action relating to this Agreement or any of the transactions contemplated by this Agreement in any court or tribunal other than the aforesaid courts. Each of the parties hereto hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim, or otherwise, in any Action with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder: (a) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve process in accordance with this Section 10.5; (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise); and (c) to the fullest extent permitted by the applicable Law, any claim that (i) the suit, action, or proceeding in such court is brought in an inconvenient forum, (ii) the venue of such suit, action, or proceeding is improper, or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 10.6 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT: (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF AN ACTION; (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY; AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.6.

Section 10.7 Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.7):

If to Parent or Merger Sub, to:	Acreage Holdings, Inc. 36 Madison Avenue, 11th Floor New York, NY 10017 Attn: James Doherty Email: j.doherty@acreageholdings.com
with a copy (which will not constitute notice to Parent or Merger Sub) to:	Cozen O'Connor One Liberty Place 1650 Market Street Philadelphia, PA 19103 Attention: Joseph C. Bedwick and Christopher J. Bellini E-mail: jbedwick@cozen.com; cbellini@cozen.com
If to the Company, to:	Form Factory, Inc. 2200 SE Mailwell Drive, Suite 100 Milwaukie, OR 97222 Attention: Charles Harrell Email: charrell@compasslawllc.com and charrell@formfactoryusa.com
with a copy (which will not constitute notice to the Company) to:	Tonkon Torp LLP 1600 Pioneer Tower 888 SW Fifth Avenue Portland, OR 97204 Attention: Jessica Morgan and Sherrill Corbett Email: jessica.morgan@tonkon.com; sherrill.corbett@tonkon.com
If to the Stockholder Representative:	MacArthur Investments, LLC Attn: Andrew Sturner 14633 Ottaway Rd. NE Building B Aurora, Oregon 97002
with a copy (which will not constitute notice to the Stockholder Representative) to:	Tonkon Torp LLP 1600 Pioneer Tower 888 SW Fifth Avenue Portland, OR 97204 Attention: Jessica Morgan and Sherrill Corbett Email: jessica.morgan@tonkon.com; sherrill.corbett@tonkon.com

or to such other Persons, addresses or facsimile numbers as may be designated in writing by the Person entitled to receive such communication as provided above.

Section 10.8 Entire Agreement. This Agreement (including the Exhibits to this Agreement), the Company Disclosure Schedule, the Parent Disclosure Schedule, the Escrow Agreement, the Confidentiality Agreement, and, solely for purposes of Section 8.6(a), Exhibit B to the LOI, constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersede all other prior agreements and understandings, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement.
In the event of any inconsistency between the statements in the body of this Agreement, the Confidentiality Agreement, the Parent Disclosure Schedule, and the Company Disclosure Schedule (other than an exception expressly set forth as such in the Parent Disclosure Schedule or Company Disclosure Schedule), the statements in the body of this Agreement will control.

Section 10.9 No Third-Party Beneficiaries. Except as provided in Section 5.7 hereof (which shall be to the benefit of the parties referred to in such section), this Agreement is for the sole benefit of the parties hereto and their permitted assigns and respective successors and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.10 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 10.11 Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither Parent or Merger Sub, on the one hand, nor the Company on the other hand, may assign its rights or obligations hereunder without the prior written consent of the other party (Parent in the case of Parent and Merger Sub), which consent shall not be unreasonably withheld, conditioned, or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.12 Remedies. Except as otherwise provided in this Agreement, any and all remedies expressly conferred upon a party to this Agreement will be cumulative with, and not exclusive of, any other remedy contained in this Agreement, at Law, or in equity. The exercise by a party to this Agreement of any one remedy will not preclude the exercise by it of any other remedy.

Section 10.13 Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any federal court located in the State of Delaware or any Delaware State court, in addition to any other remedy to which they are entitled at Law or in equity.

Section 10.14 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, all of which will be one and the same agreement. This Agreement will become effective when each party to this Agreement will have received counterparts signed by all of the other parties.

Section 10.15 Conflicts and Privilege.

(a) Each of the parties hereto acknowledges and agrees that Tonkon Torp LLP ("*Tonkon*") has acted as counsel to the Company in connection with the negotiation of this Agreement and consummation of the transactions contemplated hereby.

(b) Parent hereby consents and agrees to, and agrees to cause, the Company to consent and agree to, Tonkon representing the Stockholder Representative and any of the Company Securityholders (collectively, the "*Seller Parties*") after the Closing, including, without limitation, with respect to disputes in which the interests of the Seller Parties may be directly adverse to Parent and its subsidiaries (including the Company). In connection with the foregoing, Parent hereby irrevocably waives and agrees not to assert, and agrees to cause the Company to irrevocably waive and not to assert, any conflict of interest arising from or in connection with (i) Tonkon's prior representation of the Company and
(ii) Tonkon's representation of the Seller Parties prior to and after the Closing, including the communication by Tonkon to the Seller Parties in connection with any such representation. Notwithstanding the foregoing, this consent and waiver of the right to assert any conflict of interest is solely limited to matters arising in connection with the negotiation and documentation of this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby. Nothing in this Section 10.15 shall constitute a waiver of any attorney-client privilege or any privilege associated with the Company on any matter (other than Tonkon's representation of the Company in connection with this Agreement, the Transaction Documents, and the transactions contemplated hereby and thereby, in a manner that would not materially prejudice the Company's rights and obligations vis a vis third parties), and does not waive or excuse Tonkon from complying with applicable rules of professional conduct regarding the confidentiality of any client information of the Company other than as it pertains to Tonkon's representation of the Company in connection with this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby.

(c) All pre-Closing communications involving attorney-client confidences between the Company and the Company Securityholders, on the one hand, and Tonkon, on the other hand, in the course of and relating to the negotiation and documentation of this Agreement and the Transaction Documents shall be deemed to be attorney-client confidences that belong solely to the Company Securityholders (and not the Company) and may be controlled by the Company Securityholders. Without limiting the generality of the foregoing, upon and after the Closing, the Company Securityholders and their Affiliates (and not the Company) shall be the sole holders of the attorney-client privilege with respect to such pre-Closing communications relating to the negotiation and documentation of this Agreement and the Transaction Documents, and the Company shall not be a holder thereof; provided, in the event a dispute arises after Closing between Parent or any of its Affiliates (including the Company), on the one hand, and any other Person other than the Company Securityholders or their respective Affiliates, on the other hand, each of Parent and the Company may assert the attorney-client privilege with respect to such pre-Closing communications to prevent disclosure thereof to such Person.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

FORM FACTORY, INC.

By: *"Anthony J. Bash"*
Name: Anthony J. Bash
Title: Co-CEO

By: *"Todd A. Boren"*
Name: Todd A. Boren
Title: Co-CEO

By: *"Joshua Held"*
Name: Joshua Held Title: President

ACREAGE HOLDINGS, INC.

By: *"Kevin P. Murphy"*
Name: Kevin P. Murphy
Title: Chief Executive Officer

WONKA MERGER SUB, INC.

By: *"Tyson Macdonald"*
Name: Tyson Macdonald
Title: President

MACARTHUR INVESTMENTS, LLC
By: MacArthur Capital LLC, its Manager

By: *"Todd A. Boren"*
Name: Todd A. Boren
Title: Manager

EXHIBIT A

Certificate of Incorporation of Surviving Corporation

[*Attached*]

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
FORM FACTORY, INC.

ARTICLE I

The name of this corporation is Form Factory, Inc. (the "*Corporation*").

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, and County of New Castle.

ARTICLE III

The purpose of this Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

The aggregate number of shares that this Corporation shall have authority to issue is 1,000 shares of capital stock, all of which shall be designated "Common Stock", each having a par value of $0.001.

ARTICLE V

A. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors that shall constitute the whole Board of Directors shall be fixed by the Board of Directors in the manner provided in the Bylaws.

B. The Bylaws may be altered or amended, or new Bylaws may be adopted, by the stockholders entitled to vote. The Board of Directors shall have the power to adopt, amend or repeal the Bylaws.

ARTICLE VI

To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or to its stockholders for monetary damages for any breach of fiduciary duty as a director. No amendment to, modification of or repeal of this paragraph seven shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

ARTICLE VII

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon the stockholders herein are granted subject to this reservation.

EXHIBIT B

Form of Restricted Stock Agreement

[*Attached*]

Restricted Stock Agreement

This Restricted Stock Agreement (this "*Agreement*") is made and entered into as of _____, 201_, by and between Acreage Holdings, Inc., a British Columbia company (the "*Company*"), and (the "*Employee*").

WHEREAS, the Company is party to that certain Agreement and Plan of Merger (the "*Merger Agreement*"), dated December , 2018, by and among Form Factory, Inc., a Delaware corporation ("*Form Factory*"), the Company, Wonka Merger Sub, Inc., a Delaware corporation and a wholly owned Subsidiary of the Company, and [_____], solely in its capacity as the Stockholder Representative;

WHEREAS, pursuant to and in accordance with the terms and provisions of the Merger Agreement, holders of shares of Form Factory's (i) common stock, par value $0.001 per share and (ii) preferred stock, par value $0.001 per share shall receive Class A Subordinate Voting Shares of the Company (the "*Subordinate Voting Shares*"); and

WHEREAS, the Merger Agreement provides that certain Subordinate Voting Shares to be received by the Employee shall be subject to a twenty-four (24) month vesting period.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. Grant of Restricted Stock. Pursuant to Section 2.1(g) of the Merger Agreement, _____Subordinate Voting Shares (the "*Restricted Stock*") received by the Employee pursuant to the Merger Agreement shall be subject to the restrictions set forth in this Agreement and the Merger Agreement.

2. Restricted Period; Vesting.

2.1 Except as otherwise provided herein, provided that the Employee remains in Continuous Service through the applicable vesting date, one-third of the Restricted Stock will vest on each of the twelve (12), eighteen (18) and twenty-four (24) month anniversaries of the date hereof. The total period over which the Restricted Stock vests is referred to as the "*Restricted Period*".

2.2 The foregoing vesting schedule notwithstanding, if the Employee's Continuous Service terminates for (a) any reason other than the termination of Employee's employment by the Company for Cause, (b) termination of employment by the Employee for Good Reason, (c) Employee's Disability or (d) Employee's death, 100% of the unvested Restricted Stock shall vest as of the date of such termination. In the event the Employee's Continuous Service terminates as the result of termination of employment by the Company for Cause under subsection (b), then the Company shall, at its option, either allow the unvested Restricted Stock to vest as of the date of such termination or repurchase for cash (U.S.D.) the unvested Restricted Stock at a purchase price equal to $22.50 per share. In the event the Employee's Continuous Service terminates as a result of termination of employment by the Company for Cause under subsections (a), (c) or (d) or termination by the Employee other than for Good Reason, the unvested Restricted Stock will be forfeited by the Employee and canceled, and all of the Employee's rights to such shares shall immediately terminate without any payment or consideration by the Company.

2.3 The foregoing vesting schedule notwithstanding and provided the Employee remains in Continuous Service, upon the occurrence of a Change in Control, 100% of the unvested Restricted Stock shall vest as of the date of the Change in Control.

3. Restrictions. Subject to any exceptions set forth in this Agreement, during the Restricted Period, the Restricted Stock and the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Employee. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Stock or the rights relating thereto during the Restricted Period shall be wholly ineffective and, if any such attempt is made, the Restricted Stock will be forfeited by the Employee and canceled, and all of the Employee's rights to such shares shall immediately terminate without any payment or consideration by the Company.

4. Rights as Shareholder; Dividends.

4.1 The Employee shall be the record owner and registered holder of the Restricted Stock until the Subordinated Voting Shares are sold or otherwise disposed of, and shall be entitled to all of the rights of a shareholder of the Company including, without limitation, the right to vote such shares and receive all dividends or other distributions paid with respect to such shares. Notwithstanding the foregoing, any dividends or other distributions shall be subject to the same restrictions on transferability as the Restricted Stock with respect to which they were paid.

4.2 The Company may issue stock certificates or evidence the Employee's interest by using a restricted book entry account with the Company's transfer agent (including, for greater certainty, the transfer agent's Direct Registration System). Physical possession or custody of any stock certificates that are issued shall be retained by the Company until such time as the Restricted Stock vests.

4.3 If the Employee forfeits any rights he or she has under this Agreement in accordance with Section 2, the Employee shall, on the date of such forfeiture, no longer have any rights as a shareholder with respect to the Restricted Stock and shall no longer be entitled to vote or receive dividends on such shares, which shall be canceled without payment or consideration by the Company.

5. No Right to Continued Service. Neither the Merger Agreement nor this Agreement shall confer upon the Employee any right to be retained in any position, as an employee of the Company. Further, nothing in the Merger Agreement or this Agreement shall be construed to limit the discretion of the Company to terminate the Employee's Continuous Service at any time, with or without Cause.

6. Tax Liability and Withholding.

6.1 The Employee shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Employee, the amount of any required withholding taxes in respect of the Restricted Stock and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. The Committee may permit the Employee to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means:

(a) tendering a cash payment.

(b) authorizing the Company to withhold Restricted Stock from the Restricted Stock otherwise issuable or deliverable to the Employee as a result of the vesting of the Restricted Stock; provided, however, that no Restricted Stock shall be withheld with a value exceeding the maximum amount of tax required to be withheld by law.

(c) delivering to the Company previously owned and unencumbered Subordinate Voting Shares.

6.2 Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("*Tax-Related Items*"), the ultimate liability for all Tax-Related Items is and remains the Employee's responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant or vesting of the Restricted Stock or the subsequent sale of any shares; and (b) does not commit to structure the Restricted Stock to reduce or eliminate the Employee's liability for Tax-Related Items.

7. Section 83(b) Election. The Employee shall not make an election under Code Section 83(b) (an "*83(b) Election*") with respect to any Restricted Stock received in exchange for Company Stock Options. With respect to any Restricted Stock received in exchange for Company Common Stock or Company Preferred Stock, the Employee shall consult his or her tax advisor as to whether to make an 83(b) Election.

8. Compliance with Law. The issuance and transfer of Restricted Stock shall be subject to compliance by the Company and the Employee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Subordinate Voting Shares may be listed. No Restricted Stock shall be issued or transferred unless and until any then applicable requirements of state, federal and Canadian laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Employee understands that the Company is under no obligation to register the Subordinate Voting Shares with the United States Securities and Exchange Commission, any state securities commission or any stock exchange, or to file a prospectus with any Canadian provincial securities regulatory authority, to effect such compliance.

9. Legends. A legend may be placed on any certificate(s) or other document(s) delivered to the Employee indicating restrictions on transferability of the Restricted Stock pursuant to this Agreement or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the United States Securities and Exchange Commission, any applicable federal, state or Canadian provincial securities laws or any stock exchange on which the Subordinate Voting Shares are then listed or quoted.

10. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the _____ of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Employee under this Agreement shall be in writing and addressed to the Employee at the Employee's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

11. Defined Terms.

"*Affiliate*" means a corporation or other entity that, directly or through one or more intermediaries, controls, is controlled by or is under common control with, the Company.

"*Board*" means the Board of Directors of the Company, as constituted at any time.

"*Cause*" means (a) the Employee's conviction (or plea of nolo contendere) of a felony or a crime, in each case, against the Company; (b) the Employee's conviction (or plea of nolo contendere) of any other felony or a crime not included in (a); (c) intentional act(s) of disloyalty or deliberate dishonesty, in each case, materially injurious to the Company, fraud, or breach of fiduciary duty to the Company or any of its Affiliates; or (d) the Employee's (i) material breach of any material agreement to which the Employee and the Company (or any of its Affiliates) are parties (after the expiration of any applicable cure period), (ii) repeated failure or refusal to perform the duties set forth in any agreement to which the Employee and the Company (or any of its Affiliates) are parties after notice of such refusal and failure to perform and opportunity to cure (provided that there have been no material change in the Employee's duties or responsibilities), (iii) repeated willful disregard of, or repeated failure or refusal to carry out or comply with, the lawful and reasonable directives of the Company (provided the Company's directives do not affect any material change in the Employee's duties or responsibilities) or any of the Company's written policies, rules and practices known to the Employee and provided to the Employee in writing (as in effect from time to time), in each case with respect to the foregoing clause (d) that is not cured (if capable of cure) to the Company's reasonable satisfaction within thirty (30) days after the date on which the Company delivers written notice to the Employee specifying the material breach, failure, refusal or willful disregard.

"*Change in Control*" means one Person (or more than one Person acting as a group) acquires ownership of shares of the Company that, together with the shares held by such person or group, constitutes more than 50% of the total voting power of the Company's issued shares; provided, that, a Change in Control shall not occur if any Person (or more than one Person acting as a group) owns more than 50% of the total voting power of the Company's shares as at the date hereof, and subsequently acquires additional shares.

"*Committee*" means the Compensation and Corporate Governance Committee of the Board, as constituted at any time.

"*Continuous Service*" means that the Employee's service with the Company or an Affiliate as an employee is not interrupted or terminated. The Employee's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Employee renders service to the Company or an Affiliate as an employee or a change in the entity for which the Employee renders such service, provided that there is no interruption or termination of the Employee's Continuous Service. For example, a change in status from an employee of the Company to a director of an Affiliate will not constitute an interruption of Continuous Service. Continuous Service shall not be considered interrupted in the case of any leave of absence, including, but not limited to, sick leave, military leave or any other personal or family leave of absence.

"*Disability*" means that the Employee, as a result of physical or mental medical condition, is incapable of engaging in Employee's occupation with the Company and such disability has continued for at least twelve (12) months from the date of incapacity caused by the disability.

"*Good Reason*" means without the Employee's consent (i) any material reduction of the Employee's base salary; (ii) a material change in the Employee's duties or responsibilities; (iii) required relocation of the Employee's office to a location more than fifty (50) miles from the current location; (iv) a Change in Control; or (v) a material breach by the Company of this Agreement or any other agreement to which the Employee and the Company (or any of its Affiliates) are parties; provided, however, that with respect to any Good Reason termination, the Company will be given not less than thirty (30) days' written notice by the Employee (within sixty (60) days of the occurrence of the event constituting Good Reason) of the Employee's intention to terminate his or her employment for Good Reason, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Good Reason is based, and such termination shall be effective at the expiration of such thirty (30) day notice period only if the Company has not cured such act or acts or failure or failures to act that give rise to Good Reason during such period.

"*Person*" means any individual, corporation, limited or general partnership, limited liability company, limited liability partnership, trust, association, joint venture, Governmental Entity, or other entity or group.

12. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Delaware without regard to conflict of law principles.

13. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. This Agreement may not be assigned by the Employee. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Employee and the Employee's beneficiaries, executors, administrators and the person(s) to whom the Restricted Stock may be transferred by will or the laws of descent or distribution.

14. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

15. No Impact on Other Benefits. The value of the Employee's Restricted Stock is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

16. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

17. Acceptance. The Employee hereby acknowledges receipt of a copy of the Merger Agreement and this Agreement. The Employee has read and understands the terms and provisions thereof, and accepts the Restricted Stock subject to all of the terms and conditions of the Merger Agreement and this Agreement. The Employee acknowledges that there may be adverse tax consequences upon the grant or vesting of the Restricted Stock or disposition of the underlying shares and that the Employee has been advised to consult a tax advisor prior to such grant, vesting or disposition.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ACREAGE HOLDINGS, INC.

By: _____
Name:
Title:

EMPLOYEE

By: _____
Name:

EXHIBIT C

Form of Offer Letter

[*Attached*]

Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor
New York, NY 10017

NAME

Dear Name:

In connection with consummation of the transactions contemplated by that certain Agreement and Plan of Merger, dated [_____], 2018, by and among Acreage Holdings, Inc., Wonka Merger Sub, Inc., Form Factory, Inc., and [_____], solely in its capacity as the Stockholder Representative (the "Merger Agreement), we are pleased to present the following offer of employment. This letter will summarize and confirm the details of our offer for you to join Acreage Holdings, Inc. ("Acreage" or the "Company"), in the position of TITLE commencing on a date to be determined and reporting to MANAGER.

This offer letter supersedes any employment agreement you may have with Form Factory and/or one of its Subsidiaries (as such term is defined in the Merger Agreement).

Orientation Information: Once this offer letter is signed and filed by all parties, a separate email will be sent to you containing more information about your first day, as well as a list of legal documents required to complete your I-9 form when you start with Acreage.

Here are the specific details of our offer:

Base Compensation: Your compensation will be $XXXX annually, less payroll deductions and required taxes and withholdings, and will be paid semi-monthly. This position is exempt under one or more of the "white collar" exemptions provided in federal or state law, and you therefore will not receive overtime pay if you work more than 40 hours in a workweek.

Equity: Pursuant to the Merger Agreement, you will receive _____shares of the Company's Class A Subordinate Voting Shares (collectively, the " Restricted Stock")], all of which are subject to a vesting period more fully described in the Restricted Stock Agreement entered into between the parties on the closing date. In the event, (a) you terminate your employment with the Company for Good Reason (as defined in the Restricted Stock Agreement), (b) you are terminated by the Company without Cause (as defined in the Restricted Stock Agreement), or (c) your employment is terminated due to your Disability (as defined in the Restricted Stock Agreement) or (d) your death, any unvested Restricted Stock shall immediately vest to you on the date of your termination with the Company. Notwithstanding the preceding sentence, if you are terminated for Cause under subsection (b) of that definition, then the Company shall, at its option, either allow the unvested Restricted Stock to vest as of the day of such termination or repurchase for cash (U.S.D.) the unvested Restricted Stock at a purchase price equal to $22.50 per share; if you are terminated for Cause under subsections (a), (c) or (d) of that definition or you terminate your employment other than for Good Reason, then the unvested Restricted Stock will be forfeited by you and canceled, and all of your rights to such shares shall immediately terminate without any payment or consideration by the Company.

Benefits: Acreage offers a full range of benefits for you and your qualified dependents as outlined in the Summary of Benefits.

This offer of employment is contingent upon you fulfilling each of the following terms:

Acknowledgement of Company Handbook and Confidentiality Agreement: As an Acreage employee, you are required to follow its rules and regulations. Therefore you will be asked to acknowledge that you have read the Acreage employee handbook, and sign and comply with the Non-Disclosure Agreement (the "NDA"), which prohibits, among other things, the unauthorized use or disclosure of Acreage's confidential and proprietary information. As a condition of your employment you will also be required to execute Acreage's Non-Competition agreement within 5 days following your execution of this offer letter. In order to retain necessary flexibility in the administration of its policies and procedures, Acreage reserves the right to change or revise its policies, procedures, and benefits at any time. In addition, you acknowledge and agree that as an employee of the Company you are subject to the Company's insider trading policy, but that in your position within the Company shall not by virtue of your position alone be subject to the pre-clearance procedures and blackout periods, and unless you are in possession of material nonpublic information may trade during such blackout periods.

At Will Employment: Please understand, as stated in all job offers, Acreage is an employment-at-will company. That means that you or the Company may terminate your employment at any time, with or without Cause and with or without prior notice. Accordingly, this letter is not a contract and should not be construed as creating contractual obligations.

This offer letter, together with your NDA forms the complete and exclusive statement of your employment with Acreage. It supersedes any other agreements or promises made to you by anyone, whether oral or written. Changes to the terms of this letter require a written modification signed by an authorized employee of Acreage.

If you wish to accept employment at Acreage under the terms described above, please sign and date this letter and the NDA at your soonest convenience. Please retain copies for your records.

NAME, we are excited that you are joining Acreage's team and feel that you have a great deal to contribute. If you have any questions, you may contact me at c.finn@acreageholdings.com.

Sincerely,

Colleen Finn
Vice President, Human Resources

I understand and accept the terms of this employment offer.

NAME

Date

080000/02154/9523956v2

EXHIBIT D

Form of Restrictive Covenant Agreement

[*Attached*]

RESTRICTIVE COVENANT AGREEMENT

This Restrictive Covenant Agreement (this "*Agreement*") is entered into as of _____, 2018, by and between Acreage Holdings, Inc., a British Columbia corporation (the "*Company*"), and [_____] (the "*Restricted Person*").

Introduction

Reference is made to that certain Agreement and Plan of Merger dated_____, 2018 (the "*Merger Agreement*"), by and among the Company, [Merger Sub], Inc., a Delaware corporation ("*Merger Sub*"), Form Factory, Inc., a Delaware corporation ("*FF*"), and the other parties thereto, pursuant to which (i) the Company formed Merger Sub under the laws of the State of Delaware, (ii) FF shall merge with and into Merger Sub with FF being the surviving corporation following the consummation of the Merger and (iii) FF shall become a wholly- owned subsidiary of the Company (the "*Merger*"). The Restricted Person was, prior to the consummation of the Merger, a stockholder and employee of FF, and as a result of the Merger, shall benefit substantially from the Merger and the transactions contemplated by the Merger Agreement and has entered into this Agreement concurrently with the closing of the transactions contemplated by the Merger Agreement. Unless otherwise defined in this Agreement, capitalized terms shall have the meanings given to them in the Merger Agreement.

NOW, THEREFORE, in consideration of the transactions contemplated by the Merger Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Confidentiality. At all times following the Closing, the Restricted Person shall not, directly or indirectly, disclose, divulge or make use of, whether in writing or orally, any trade secrets or other confidential information of a business, financial, marketing, technical or other nature pertaining to the FF, or any of its Subsidiaries, and all of its respective successors and assigns (collectively, the "*Covered Company*"), or the business of any of the foregoing, except (a) to the extent that such information shall have become public knowledge other than by breach of this Agreement or other confidentiality obligation by the Restricted Person, (b) as required in connection with the performance of the Restricted Person's duties as an employee, consultant or direct or indirect owner of the Covered Company, or (c) to the extent that disclosure of such information is required by law or legal process (but only after the Restricted Person has provided the Company with reasonable notice and opportunity to take action against any legally required disclosure).

2. Noncompetition; Nonsolicitation.

(a) During the Noncompetition Period, the Restricted Person covenants and agrees not to, directly or indirectly, (i) including, without limitation, as a stockholder, partner, member, manager, employee, consultant or other owner or participant in any Person other than any Covered Company, engage in or assist any other Person to engage in any Covered Business anywhere in the Covered Area, (ii) solicit or endeavor to entice away from any Covered Company, or offer employment or a consulting position to, or otherwise interfere with the business relationship of any Covered Company with, any Person who is, or was within the one-year period prior thereto, an employee of or consultant to any Covered Company or (iii) induce or attempt to induce any Person who is on the Closing Date, or was, within the one (1)-year period prior to the Closing Date, a client, customer, supplier or agent of any Covered Company, to terminate its relationship or reduce the amount of business with such Covered Company or do any act which would be reasonably likely to interfere with or result in the impairment of the relationship between such Covered Company and such client, customer, supplier or agent.

(b) For purposes of this Section 2, the following terms shall have the following meanings:

"*Covered Area*" means (i) any state in the United States of America in which the medical and/recreational (adult-use) use of Marijuana is legal, or becomes legal during the Noncompetition Period, and (ii) anywhere else in the world where any Covered Company does business during the Noncompetition Period..

"*Covered Business*" means any business in which any Covered Company is engaged in as of the Closing, or any business in which any Covered Company engages in following the Closing.

"*Noncompetition Period*" means the period commencing as of the Closing and ending as of the two (2) year anniversary of the Closing.

(c) To the extent the Restricted Person has investment in other businesses or enterprises, some of which may compete directly or indirectly with the Covered Company's Covered Business (as currently conducted or as currently propose to be conducted) (such other businesses or enterprises, an "Investment Company"), the parties agree and stipulate that Section 2(a)(i) does not prevent or preclude the Restricted Person, to the extent permitted under applicable law, and the Restricted Person shall not be liable to any Covered Company or Company for any claim arising out of, or based upon, (i) the investment by the Restricted Person in any Investment Company, or (ii) actions taken by the Restricted Person to assist any Investment Company, whether or not such action was taken as a member of the board of directors of such Investment Company or otherwise, and whether or not such action has a detrimental effect on any Covered Company; provided, however, that the foregoing shall not relieve (x) the Restricted Person from liability associated with the unauthorized disclosure of any Covered Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of any Covered Company from any liability associated with his or her fiduciary duties to any Covered Company.1

3. Injunctive Relief. The Restricted Person acknowledges that any breach or threatened breach of the provisions of Sections 1 or 2 of this Agreement will cause irreparable injury to the Covered Company for which an adequate monetary remedy does not exist. Accordingly, in the event of any such breach or threatened beach, the Covered Company shall be entitled, in addition to the exercise of other remedies, to seek and obtain injunctive and other equitable relief, without necessity of posting a bond, restraining the Restricted Person from committing such breach or threatened breach. The right provided under this Section 3 shall be in addition to, and not in lieu of, any other rights and remedies available to any Covered Company. To the fullest extent permitted by Law, in the event of a breach by the Restricted Person of any covenant set forth in Section 2, the term of such covenant will be extended by the period of the duration of such breach.

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[1] FF will provide a list of employees who presently have investments in other entities that are or may become engaged/compete in the cannabis space. For those employees, subsection (c) will be included in the RCA.

4. Reasonable Restrictions. The Restricted Person (a) has carefully read and understands all of the provisions of this Agreement and has had the opportunity for this Agreement to be reviewed by counsel, (b) acknowledges that the duration, geographical scope and subject matter of Sections 1 and 2 of this Agreement are reasonable and necessary to protect the goodwill, customer relationships, legitimate business interests, trade secrets and confidential and proprietary information of the business of any Covered Company as currently conducted and as currently proposed to be conducted immediately after the Closing, (c) acknowledges that the Company would not have consummated the transactions contemplated by the Merger Agreement without the benefits contained in this Agreement, and (d) understands that this Agreement is assignable by the Company and any other Covered Company, as applicable, and shall inure to the benefit of their respective successors and permitted assigns. Whenever possible each provision and term of Sections 1 and 2 will be interpreted in a manner to be effective and valid, but if any provision or term of Sections 1 or 2 is held to be prohibited by Law or invalid, then such provision or term will be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term or the remaining provisions or terms of Sections 1 or 2. If the final judgment of a court of competent jurisdiction declares that any term or provision of Sections 1 or 2 is invalid or unenforceable, the parties agree that Section 1 or 2, as applicable, shall be automatically modified to reduce the scope, duration, or area of the term or provision to its maximum allowable extent, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and Section 1 or 2, as applicable, shall be enforceable as so modified. If any of the covenants set forth in Section 1 or 2 are held to be unreasonable, arbitrary, or against public policy, such covenants will be considered divisible with respect to scope, time, and geographic area, and in such lesser scope, time and geographic area, will be effective, binding and enforceable against the Restricted Person.

5. Company IP. If the Restricted Person owns or shall at any time on or after the Closing acquire any rights in any Company IP or other assets, the Restricted Person shall, and hereby does, transfer all of its rights, title and interest in such Company IP to the Company for no additional consideration to the fullest extent permitted by applicable Law. The Restricted Person shall execute and deliver such additional documents and instruments and take such other actions as the Company shall reasonably request to give effect to the provisions of this Section. Notwithstanding the foregoing, nothing in this Section 5 shall require the Restricted Person to assign or transfer to the Company or any Covered Company any Intellectual Property (i) owned or developed by any Investment Company owned in whole or in part by Restricted Person, or (ii) owned or developed by Restricted Person in connection with any Investment Company, even if such Intellectual Property is similar to the Company IP. [2]

6. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be given and deemed effective in accordance with Section 10.7 of the Merger Agreement. Any notice or other communication given or made to the Restricted Person shall be given to such Restricted Person at the address set forth on the signature page hereto.

7. Governing Law; Forum. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware (without regard to the choice of law provisions thereof). Any proceeding arising out of or relating to this Agreement shall be brought in accordance with Section 10.5 of the Merger Agreement, and such Section shall govern and control with respect to any such proceeding.

8. Amendments. This Agreement may be amended or modified only with the written consent of the Company and the Restricted Person. No waiver of any term or provision hereof shall be effective unless in writing signed by the party waiving such term or provision.

9. No Waiver. No failure to exercise or delay in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights provided hereunder are cumulative and not exclusive of any rights, powers or remedies provided by Law.

10. Successors and Assigns. This Agreement, and all provisions hereof, shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto except that the rights and obligations of the Restricted Person hereunder are personal and may not be assigned without the Company's prior written consent.

11. Third-Party Beneficiaries. Nothing in the Agreement shall be construed to confer any right, benefit or remedy upon any Person that is not a party hereto or a permitted assignee of a party hereto, except as otherwise expressly set forth in this Agreement. Each of the Covered Companies is an intended third-party beneficiary of this Agreement and, as such, shall be entitled to enforce the provisions of this Agreement.

12. Interpretation. The parties hereto possess equal bargaining power and have participated jointly in the negotiation and drafting of this Agreement and the other agreements and documents contemplated herein. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any other agreement or documents contemplated herein, this Agreement and such other agreements or documents shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authoring any of the provisions of this Agreement or any other agreements or documents contemplated herein. The headings of Sections herein are inserted for convenience of reference only and shall be ignored in the construction or interpretation hereof.

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[2] Same as FN 1 - this applies to employees who presently have investments in competing/potentially competing entities and should be included for those employees.

13. Waiver of Jury Trial. EACH OF THE COMPANY AND ANY COVERED COMPANY AND THE RESTRICTED PERSON ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT: (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF AN ACTION; (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY; AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 13.

14. Counterparts. This Agreement may be executed in any number of counterparts, all of which will be one and the same agreement. This Agreement will become effective when each party to this Agreement will have received counterparts signed by the other party.

15. Severability. This Agreement shall be interpreted so as to be effective and valid under applicable law, but if any provision is prohibited or invalid under such law, such provision shall be ineffective only to the extent it is prohibited or invalid, without invalidating or nullifying the remainder of such provision or any other provision of this Agreement. If any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographic scope, activity or subject, such provisions shall be construed by limiting and reducing it so as to be enforceable to the maximum extent permitted by applicable law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ACREAGE HOLDINGS, INC.

By: _____
Name:
Title:

_____

Address:

Email:

FORM 51-102F3 MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Acreage Holdings, Inc. ("**Acreage**") 366 Madison Avenue, 11th Floor New York, NY 10017

Item 2. Date of Material Change

December 6, 2018

Item 3. News Release

A news release was disseminated on December 6, 2018 via Newswire and filed on SEDAR.

Item 4. Summary of Material Change

On December 6, 2018, Acreage announced that it has signed a definitive agreement to acquire Form Factory, Inc. ("**Form Factory**"), a multi-state manufacturer and distributor of cannabis-based edibles and beverages, in an all-stock transaction valued at US$160 million.

Item 5. Full Description of Material Change

On December 6, 2018, Acreage and Form Factory, a multi-state manufacturer and distributor of cannabis-based edibles and beverages, announced they have signed a definitive agreement for Acreage to acquire Form Factory, in an all-stock transaction valued at US$160 million, using class A subordinate voting shares (the "**Subordinate Voting Shares**") of Acreage valued at a price of US$25 per Subordinate Voting Share (the "**Transaction**"). Acreage will issue approximately 6.4 million Subordinate Voting Shares to Form Factory shareholders. The Transaction is expected to close in the first quarter of 2019, and is expected to be revenue accretive in 2019, and EBITDA accretive in 2020.

Item 6. Reliance on Section 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

Item 7. Omitted Information

No information has been omitted from this Material Change Report.

Item 8. **Executive Officer**

The following senior officer of Acreage is knowledgeable about the material change and the Material Change Report, and may be contacted by the Commission as follows:

Glen Leibowitz, Chief Financial Officer Telephone: 646.491.6347

Item 9. **Date of Report**

December 16, 2018

Schedule "A"

News Release dated December 6, 2018

See attached.

Acreage Announces Acquisition of Form Factory, Setting Stage for Unrivaled Cannabis Product Manufacturing and Distribution Platform

New York City, NY - Dec. 6th, 2018 -Acreage Holdings, Inc. ("Acreage") (CSE: ACRG.U) and Form Factory, Inc. ("Form Factory"), a multi-state manufacturer and distributor of cannabis- based edibles and beverages, announced they have signed a definitive agreement for Acreage to acquire Form Factory, in an all-stock transaction valued at US$160 million. Acreage will issue approximately 6.4 million Subordinate Voting Shares to Form Factory shareholders at a deemed price of US$25 per share. The transaction brings Form Factory's expertise as a one-stop-shop for developing, manufacturing, and distributing cannabis products of any form factor to Acreage's 19-state footprint of growing, manufacturing and distributing cannabis-based consumer and medical products. It sets the stage for Acreage to become the first national cannabis Consumer Packaged Goods (CPG) company, capable of creating and distributing predictable and scalable proprietary brands, nationally, delivering those capabilities on a contract basis to other cannabis brands, and offering a turnkey cannabis industry solution to traditional non-cannabis CPG companies like Nestle, Mars or Procter & Gamble.

"Creating a wide range of products that meet the diversified tastes of consumers and owning the national manufacturing and distribution platform to ensure their consistent and predictable delivery on a national basis is a key to long-term success and value creation in the cannabis industry," said Kevin Murphy, Founder, Chairman, and Chief Executive Officer of Acreage Holdings. He continued, "With this acquisition, we are now positioned to be both the first and only national cannabis CPG company and distribution platform in the U.S. cannabis industry.
The combination of the largest U.S. operational footprint, combined with the unique food and beverage manufacturing capabilities of Form Factory sets us on a direct path to become the Procter & Gamble of cannabis."

KEY HIGHLIGHTS:

- Acreage will acquire Form Factory, a leading commercial manufacturer of cannabis infused edibles and beverages, in an all-stock transaction valued at $160 million using common stock at the Reverse Take Over listed price of $25.00 per share.

- The transaction will establish Acreage as the only national contract manufacturer of branded cannabis products, to serve both cannabis companies and traditional, non- cannabis CPG companies.
- Form Factory's capabilities dramatically accelerate our product ambition, bringing a broader range of product to market for today's and tomorrow's discerning cannabis consumers.
- The transaction will enable Acreage to develop, manufacture and distribute its ownpredictable and scalable "family of brands."
- The transaction is expected to be revenue accretive in 2019, and EBITDA accretive in 2020.
- The transaction is expected to close in the first quarter of 2019.
- Combined, the transaction increases Acreage's number of states with operating licenses to 19 from 18, with a total addressable market of nearly $14 billion in 2022 projected legal cannabis sales, according to Arcview Market Research, and a total population of 172 million.

"We are thrilled to be joining the Acreage family," said Tony Bash, co-founder & Co-CEO of Form Factory, Inc. "The merger with Acreage represents the fulfillment of the vision we had when we founded Form Factory. With Acreage, our mission to create the largest supplier of trusted cannabis products in the world will accelerate, providing all people with access to the benefits of cannabis."

Josh Held, co-founder and President of Form Factory continued "Form Factory's innovative and proprietary delivery systems, combined with Acreage's massive scale will ensure that we become a trusted partner enabling national brands to thrive."

Todd Boren, Co Founder and Co-CEO of Form Factory and Managing Partner of MacArthur Investments, the largest shareholder of Form Factory, added "We embarked on this journey because we believed in the team at Form Factory and knew they were among the best in the world. Our merger with Acreage reflects the same confidence in their team and ensures we can continue to relentlessly innovate the science driving the cannabis industry to provide brands and consumers with safe, efficient and consistent product formulations."

SUMMARY OF TERMS:

Based on the deemed issue price of US$25 per share, the total transaction is valued at US$160 million. Specifically, through Form Factory, Acreage will acquire the following tangible assets:

- Grow/processing licenses and operations in Portland, Oregon, and Los Angeles and Oakland, California.
- Management services contract for the Washington contract manufacturing business.
- All intellectual property

60% of the consideration paid to Form Factory's employees, including its management, or 24% of the total consideration, is subject to a 24-month vesting period, ensuring alignment of interests with both companies as we execute the plan. Key employees will be required to sign non-compete and employment agreements. Completion of the acquisition is subject to customary closing conditions, including obtaining Form Factory shareholder approval and the listing of the Subordinate Voting Shares to be issued as consideration on the Canadian Securities Exchange (the "CSE"). Listing of such shares is subject to the Company satisfying all requirements of the CSE.

The company expects the acquisition to be revenue accretive in 2019 and EBITDA accretive in 2020.

The deal was approved unanimously by the boards of directors for both Acreage Holdings and Form Factory.

TRANSACTION CALL DETAILS

Acreage Holdings will host a call with management on Thursday, December 6th at 10:00 AM Eastern Standard Time. The call can be heard via webcast, which can be accessed on the investor relations portion of Acreage's website at www.investors.acreageholdings.com.

A presentation with more details of the transaction may be viewed on the investor relations portion of our website at www.investors.acreageholdings.com.

ABOUT ACREAGE HOLDINGS

Headquartered in New York City, Acreage Holdings is the largest vertically integrated, multi- state owner of cannabis licenses and assets in U.S. states with respect to number of states with operating licenses. With operating licenses in 19 states, serving a population of more than 172 million Americans, and an estimated 2022 total addressable market of approximately $14 billion in legal cannabis sales according to Arcview Market Research. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

ABOUT FORM FACTORY

Headquartered in Portland, Oregon, Form Factory is a cannabis manufacturer, co-packer, and distributor with operations in Oregon and Washington, and plans to expand in California. The company represents the combination of *Gesundheit Foods*, a commercial food grade co-packing company and *Made By Science*, and Intellectual Property portfolio for micro and macro emulsion that provides purposefully differentiated onset times based on brand and product promises.

FORWARD LOOKING STATEMENTS

This news release contains “forward-looking information” within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward- looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein are forward looking information. Specifically, all statements with regard to the anticipated financial results of the acquisition and the effect of the acquisition on Acreage’s business are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects the current beliefs of Acreage and is based on information currently available to Acreage and on assumptions that Acreage believes are reasonable. These assumptions include, but are not limited to, the assumption that the transaction will close, and the anticipated timing of closing. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Acreage to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting Acreage; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labor or loss of key individuals and the other factors identified in Acreage’s Listing Statement dated November 14, 2018 and filed under the company’s profile on SEDAR.

Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Acreage as of the date of this news release and, accordingly, is subject to change after such date. However, Acreage expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

# # #

Investor Contact:

Steve West
Investors@acreageholdings.com

Media Contacts:

Howard Schacter
h.schacter@acreageholdings.com

Jon Goldberg/KCSA Communications
212 896 1282
acreage@kcsa.com

Exhibit 99.55

Acreage Holdings' Affiliate, Greenleaf Gardens, Awarded Cultivation and Processing License in Ohio

New York City, NY - December 20, 2018 - Acreage Holdings, Inc. ("Acreage") (CSE: ACRG.U), the United States' largest vertically integrated, multi-state cannabis operator, announced its Ohio partner, Greenleaf Gardens, LLC ("Greenleaf"), has been awarded a Level 1 provisional cultivation license by the Ohio Department of Commerce. Acreage maintains a Management Services Agreement with Greenleaf that delivers Acreage's operational expertise, product development capabilities, and national The Botanist retail store brand. The new cultivation and processing facility will open in Middlefield, Ohio and deliver product to Greenleaf and other Ohio dispensaries during 2019 and beyond.

With the awarding of the new license, Greenleaf has the largest footprint of any cannabis operator in Ohio and is the only operator with the maximum allowable seven licenses. It will soon open five dispensaries, in Akron, Canton, Cleveland, Columbus, and Wickliffe in 2019, that will serve qualifying patients from Ohio's nearly 12 million residents and an estimated total addressable cannabis market in 2022 of $290 million, according to Arcview Market Research.

Dave Neundorfer, Chief Executive Officer of Greenleaf, commented: "We are honored to have earned the trust of Ohio. Having fully integrated operations from seed to sale, with support by Acreage, the leading cannabis operator in the U.S., will translate to providing the citizens of Ohio with a great selection of safe, predictable and affordable cannabis products."

ABOUT ACREAGE HOLDINGS

Headquartered in New York City, Acreage is the largest vertically integrated, multi-state owner of cannabis licenses and assets in U.S. states with respect to number of states with operating licenses. With operating licenses in 19 states, serving a population of more than 172 million Americans, and an estimated 2022 total addressable market of approximately $14 billion in legal cannabis sales according to Arcview Market Research. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

FORWARD LOOKING STATEMENTS

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information, including, for greater certainty, statements regarding expanding our industry-leading footprint, rolling out a national brand, pending legislation, opening of new cannabis markets and the commencement of Oklahoma operations in 2019. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect",

“proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects Acreage’s current beliefs and is based on information currently available to Acreage and on assumptions Acreage believes are reasonable. These assumptions include, but are not limited to: market acceptance and approvals. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Acreage to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation affecting Acreage; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labor or loss of key individuals. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Acreage’s disclosure documents, such as Acreage’s listing statement filed on November 14, 2018, on the SEDAR website at www.sedar.com. Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Acreage as of the date of this news release and, accordingly, is subject to change after such date.
However, Acreage expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

# # #

INVESTOR CONTACT

Steve West
Acreage Holdings
investors@acreageholdings.com

MEDIA CONTACT

Howard Schacter
Acreage Holdings
h.schacter@acreageholdings.com

Exhibit 99.56

Odyssey Trust Company
323 - 409 Granville St • Vancouver BC • V6C 1T2

November 12, 2018

Canadian Securities Exchange
220 Bay Street, 9th Floor
Toronto ON M5J 2W4

Dear Sirs and Mesdames:

RE: Acreage Holdings, Inc. (the "Issuer")
ISIN: CA00489Y4022

We confirm that Odyssey Trust Company has been appointed as Transfer Agent and Registrar for the Subordinate Voting Shares of the Issuer in the City of Vancouver and Calgary.

We confirm that the Issuer has elected to use generic certificates in accordance with the standards set by the Securities Transfer Association of Canada. We maintain an inventory of security paper and can process transfers of ownership and issue certificates in accordance with these standards on a timely basis. Our normal fee for transferring ownership is $50.00 and includes five issuances.

Yours truly,
ODYSSEY TRUST COMPANY

Per: _____
Lisa Scotland

Date: / Date : 11/13/2018

Re: Applying to the / Objet : Demande d'adhésion – CANADIAN SECURITIES EXCHANGE

CDS Securities Management Solutions Inc. wishes to confirm the CUSIP/ISIN number for the following issue:
La société Solutions de gestion de valeurs CDS inc. désire confirmer le numéro CUSIP/ISIN pour l'émission suivante :

Issuer: / Émetteur :	CUSIP: / CUSIP :	ISIN: / ISIN :
ACREAGE HOLDINGS INC	00489Y402	CA00489Y4022
Issue description: / Désignation de la valeur :		
SUBORDINATE VOTING SHARE		

If any additional information is required, please do not hesitate to contact eligibility@cds.ca.
Pour obtenir de plus amples renseignements, veuillez envoyer un courriel à l'adresse eligibility@cds.ca.

New fees effective March 1,2017
Nouveaux frais en vigueur le 1er mars 2017

Thank you.
Merci.

Requesting Eligibility in the Depository / Demande d'admissibilité au service de dépôt

CDS participants only (payment by invoice): Access **www.cds.ca/cds-services** and select *ISIN Eligibility Service*.
Adhérents de la CDS seulement (paiement par facture) : accédez au site **www.cds.ca/cds-services?lang=fr?** et cliquez sur *Admissibilité d'ISIN*.

Non-participants (payment by credit card): Access **www.cds.ca/cds-services** and select *ISIN Issuance and Eligibility Services*.
Non-adhérents (paiement par carte de crédit) : accédez au site **www.cds.ca/cds-services?lang=fr?lang=fr** et cliquez sur *Pour demander un nouvel ISIN ou un numéro CUSIP, ou rendre admissible un ISIN*.

BEO issuers must submit their BEO documents directly via the following link: **http://www.cds.ca/cds-services/cds-clearing/beo-services**
Les émetteurs de VICS doivent soumettre leurs documents directement à partir du lien suivant : **http://www.cds.ca/cds-services/cds-clearing/beo-services?lang=fr**

All documentation supporting an eligibility request must be submitted in final form, using the ISIN Eligibility application, and must be received by 12h00 ET, two (2) business days prior to the closing date of the issue, or the effective date of the corporate action event, as applicable. Failure to provide documents in final form, and/or accurate disclosure with respect to the certification of the security, may result in delays to settlement and/or corporate action processing of the security in CDSX, may jeopardize the security's eligibility, and may result in the assessment of late fees to the request.

Toute la documentation justificative définitive des demandes d'admissibilité doit être transmise au moyen de l'application d'admissibilité d'ISIN, et ce au plus tard à midi, heure de l'Est, deux (2) jours ouvrables avant la date de clôture de l'émission ou la date de prise d'effet de l'événement de marché, selon le cas. L'omission de fournir la documentation justificative définitive ou l'information exacte quant à la certification du titre peut donner lieu à des retards dans le règlement ou le traitement des événements de marché au CDSX, compromettre l'admissibilité du titre et donner lieu à l'imposition de frais de demande tardive.

FORM 1A

APPLICATION LETTER

High Street Capital Partners, LLC
366 Madison Avenue
New York, NY

September 17, 2018

Canadian Securities Exchange
220 Bay Street
9th Floor
Toronto, Ontario
M5J 2W4

Dear Sirs/Mesdames:

Re: Qualification for Listing of Applied Inventions Management Corp. (the "Prospective Issuer")

High Street Capital Partners, LLC (d/b/a Acreage Holdings) ("**Acreage Holdings**") has entered into a letter of intent with the Prospective Issuer in respect of a proposed reverse take-over transaction (the "**Transaction**") pursuant to which the parties have agreed, among other things, to form a business combination and work together to list the subordinate voting shares of the Prospective Issuer (upon closing of the Transaction, the "**Resulting Issuer**") on the Canadian Securities Exchange.

Acreage Holdings (on behalf of the Prospective Issuer) hereby applies to have the subordinate voting shares of the Resulting Issuer (the "**Subordinate Voting Shares**") qualified for listing on the Canadian Securities Exchange.

There are currently 388,435 Class A Subordinate Voting Shares (which will be reclassified as the Subordinate Voting Shares of the Resulting Issuer) and 7,839,599 Class B Multiple Voting Shares (which will be subdivided and converted into Subordinate Voting Shares of the Resulting issuer on a one and one-half (1.5) for one (1) basis) currently issued and outstanding of the Prospective Issuer.

Acreage Holdings kindly requests reservation of the ticker symbols listed below in order of preference for the Subordinate Voting Shares:

1. ACRG
2. AHI

3. ACR

Please find enclosed a cheque representing the non-refundable portion of the application fee of $3,500 plus HST/GST.

The balance of the documentation required in connection with the listing application for Subordinate Voting Shares of the Resulting Issuer will follow in due course.

Yours very truly,

High Street Capital Partners, LLC

Per: (signed) *"Glen Leibowitz"*
Name: Glen Leibowitz
Title: Chief Financial Officer

FORM 2B

LISTING SUMMARY

<table>
<tr><td>Issuer Name:
Acreage Holdings, Inc. (formerly, Applied Inventions Management Corp.)</td><td colspan="4">Listing Statement Date:
November 14, 2018</td></tr>
<tr><td colspan="5">Descriptions of securities to be listed:
Subordinate Voting Shares</td></tr>
<tr><td>Address:
Head office of resulting issuer will be located at 366 Madison Avenue, New York, NY 10017

Head office of resulting issuer will be located at Suite 2800, Park Place 666 Burrard St., Vancouver BC V6C 2Z7</td><td colspan="4">Brief Description of the Issuer's Business:
Acreage Holdings is one of the United States' largest vertically integrated, multi-state cannabis operators in the business of cultivating, processing and dispensing high-quality, affordable and effective cannabis to medicinal and recreational consumers by putting the consumer experience first.</td></tr>
<tr><td>Company Contact:</td><td colspan="4">Description of securities outstanding</td></tr>
<tr><td rowspan="2">Phone: 646-600-9181</td><td>Symbol
ACRG.U</td><td>Type
Subordinate Voting Shares</td><td>Number
21,443,042</td><td>CUSIP
CA00489 Y4022</td></tr>
<tr><td colspan="4">If the Listing Statement was required to be filed because an event giving rise to material information has occurred that makes the previous Statement inaccurate or misleading, briefly describe the event:

N/A</td></tr>
<tr><td>Fax: 212-428-6770</td><td colspan="4"></td></tr>
<tr><td>E-mail: info@acreageholdings.com</td><td colspan="4">Dates of Press Release and Any Public Filings Concerning the Event:
September 21, 2018, November 13, 2018 and November 14, 2018</td></tr>
<tr><td>Jurisdiction of Incorporation:
The resulting issuer was incorporated under the laws of the Province of Ontario and continued into British Columbia on November 9, 2018.</td><td colspan="4" rowspan="3">Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled):
November 6, 2018</td></tr>
<tr><td>Website: https://www.acreageholdings.com/</td></tr>
<tr><td>Fiscal Year End:
December 31</td></tr>
</table>

Financial Information as at June 30, 2018 June 30, 2018 - Pro Forma			**Board of Directors:**	
	Current	**Previous**	**Name**	**Position**
Current Assets	**$395,860,000**	**$N/A**	John Boehner William F. Weld Kevin P. Murphy Larissa L. Herda Douglas Maine Brian Mulroney William Van Faasen	Director Director Director & Chief Executive Officer Director Director Director Director
Working Capital	**$387,000,000**	**$N/A**		
Total assets	**$549,315,000**	**$N/A**		
Long-term liabilities	**$13,317,000**			
Shareholders' equity	**$528,263,000**	**$N/A**		

FORM 4

LISTING AGREEMENT

IN CONSIDERATION of the listing of the securities referred to in the Issuer's Listing Statement or in consideration of the subsequent listing of all other securities, the undersigned (hereinafter called the "Issuer") hereby agrees with CNSX Markets Inc. (hereinafter called "CSE", the "Exchange" or "Canadian Securities Exchange") that:

1. The Issuer shall, and shall cause its Related Persons, employees, agents, and consultants to comply, be bound by and observe all existing regulations, by-laws, rules and policies of the Exchange and all amendments and additions which may hereafter be made thereto and all applicable legal requirements including, but not limited to, those of its incorporating statutes, all laws, rules, regulations, policies, notices and interpretation notes, discussions, annals and directives of all securities regulatory authorities having jurisdiction over the Issuer and with all other laws, rules and regulations applicable to its business or undertaking.

2. Without limiting the generality of paragraph 1 hereof the Issuer shall:

   (a) furnish to the Exchange or the Market Regulator, at any time upon demand, all such material information or documentation concerning the Issuer as the Exchange may require;

   (b) not issue any securities without making the requisite postings required by the Exchange Policies;

   (c) maintain transfer and registration facilities where all listed securities shall be directly transferable and registrable, and no fee shall be charged for the transfer and registration of such securities (other than government stock transfer taxes);

   (d) have on hand a sufficient supply of certificates to meet demand for the transfer of share certificates, such certificates to be in accordance with Exchange specifications, unless the class of securities is entirely book- based;

   (e) post all forms, notices, particulars, reports, statements and information required by the Exchange Policies or otherwise by the Exchange, in such detail and form, as the Exchange may from time to time demand;

   (f) make prompt public disclosure of any material information, whether favourable or unfavourable, in accordance with Exchange Policies; and

(g) pay, when due, all applicable fees established by the Exchange.

3. The Issuer acknowledges that the Exchange shall have the right, at any time, to halt or suspend listing in any securities of the Issuer with or without notice and with or without giving any reason for such action, or to disqualify such securities for quotation in accordance with Exchange Policies;

4. The Exchange, at the Issuer's cost, may obtain independent advice or consulting services with respect to any matter relating to the Issuer provided that the Exchange has first afforded the Issuer the opportunity to satisfy the particular filing requirements of the Exchange with respect to such matter. The Issuer hereby agrees to fully reimburse and indemnify the Exchange for all such expenses, costs and fees incurred by the Exchange.

5. The Issuer submits to the jurisdiction of the Exchange and the Market Regulator, including without limitation, the Exchange's and the Market Regulator's regulation, investigation and enforcement jurisdiction.

6. The Issuer acknowledges that the Exchange may collect such personal information about the Related Persons of the Issuer as it may require and, notwithstanding the qualification for listing of its securities, the Issuer agrees that either (i) it will remove, or cause the resignation of or termination of the contract of, any Related Person which the Exchange determines is not suitable; or (ii) the Exchange may immediately disqualify for quotation the Issuer's securities.

7. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to conflicts of law rules.

8. Terms defined in the Exchange Policies are incorporated by reference into this Agreement.

Signed at New York, NY on the 14th day of November, 2018

Acreage Holdings, Inc.

Name of Company

Glen Leibowitz

Signing Officer

Chief Financial Officer	(signed) *"Glen Leibowitz"*
Office Held	Signature
Kevin Murphy	
Signing Officer	
Chief Executive Officer	(signed) *"Kevin Murphy"*
Office Held	Signature

FORM 6

CERTIFICATE OF COMPLIANCE

TO: CANADIAN SECURITIES EXCHANGE ("CSE")

Acreage Holdings, Inc. (the "**Listed Issuer**") hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in Policy 1).

Date: November 14, 2018

Signed: (signed) "*Kevin Murphy*"
(Signature)

Kevin Murphy
(Print Name)

Chief Executive Officer
(Print Office)

FORM 11

NOTICE OF PROPOSED STOCK OPTION GRANT OR AMENDMENT

Name of Listed Issuer: Acreage Holdings, Inc. (the "**Issuer**").

Trading Symbol: ACRG.U

Date: November 23, 2018

1. New Options Granted:

Date of Grant: November 14, 2018

Name of Optionee	Position (Director/ Officer/ Employee/ Consultant/ Management Company	Insider Yes or No?	No. of Optioned Shares	Exercise Price	Expiry Date	No. of Options Granted in Past 12 Months
Other Employees	Employee	No	1,694,500	US$25.00	2028-11-14	Nil
Robert Daino	Officer	Yes	240,000	US$25.00	2028-11-14	Nil
George Allen	Officer	Yes	300,000	US$25.00	2028-11-14	Nil
Glen Leibowitz	Officer	Yes	240,000	US$25.00	2028-11-14	Nil
Harris Damashek	Officer	Yes	240,000	US$25.00	2028-11-14	Nil
James Doherty	Officer	Yes	240,000	US$25.00	2028-11-14	Nil
Kevin Murphy	Director & Officer	Yes	540,000	US$25.00	2028-11-14	Nil
William Van Faasen	Director	Yes	160,000	US$25.00	2028-11-14	Nil
Larissa L. Herda	Director	Yes	160,000	US$25.00	2028-11-14	Nil
Douglas Maine	Director	Yes	160,000	US$25.00	2028-11-14	Nil
Brian Mulroney	Director	Yes	280,000	US$25.00	2028-11-14	Nil

Total Number of optioned shares proposed for acceptance: 4,254,500

2. Other Presently Outstanding Options:

Name of Optionee	No. of Optioned Shares(1)	Exercise Price	Original Date of Grant	Expiry Date

(1) Set out number of optioned shares for each grant with different terms.

3. Additional Information

(a) If shareholder approval was required for the grant of options (including prior approval of a stock option plan), state the date that the shareholder meeting approving the grant was or will be held.

The stock option plan was approved at a meeting of shareholders on November 6, 2018. Shareholder approval was not required for the grant of options.

(b) State the date of the news release announcing the grant of options.

N/A

(c) State the total issued and outstanding share capital at the date of grant or amendment.

21,443,042 Subordinate Voting Shares
1,445,879 Proportionate Voting Shares
168,000 Multiple Voting Shares

(d) State, as a percentage of the issued and outstanding shares of the Issuer indicated in (c) above, the aggregate number of shares that are subject to incentive stock options, including new options, amended options and other presently outstanding options.

3.9% of Subordinate Voting Shares (on an as-converted basis)

(e) If the new options are being granted pursuant to a stock option plan, state the number of remaining shares reserved for issuance under the plan.

4,329,493 Subordinate Voting Shares

(f) If the Issuer has completed a public distribution of its securities within 90 days of the date of grant, state the per share price paid by the public investors.

N/A

(g) Describe the particulars of any proposed material changes in the affairs of the Issuer.

N/A

4. Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 11 Notice of Proposed Stock Option Grant or Amendment is true.

Dated November 23, 2018.

James A. Doherty
Name of Director or Senior Officer

/s/ James A. Doherty
Signature

General Counsel and Secretary
Official Capacity

FORM 9

NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES

(or securities convertible or exchangeable into listed securities[1])

Please complete the following:

Name of Listed Issuer: Acreage Holdings, Inc. (the "Issuer").

Trading Symbol: ACRG.U .

Date: November 23, 2018.

Is this an updating or amending Notice: ☐Yes X No

If yes provide date(s) of prior Notices: .

Issued and Outstanding Securities of Issuer Prior to Issuance: 21,443,042 .

Date of News Release Announcing Private Placement: N/A .

Closing Market Price on Day Preceding the Issuance of the News Release: N/A (Closing price on November 23, 2018 was US$23.43)

1. Private Placement

Full Name & Residential Address of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN$)	Conversion Price (if Applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed	Payment Date(1)	Describe relations-hip to Issuer (2)

(1) Indicate date each placee advanced or is expected to advance payment for securities. Provide details of expected payment date, conditions to release of funds etc. Indicate if the placement funds been placed in trust pending receipt of all necessary approvals.

(2) Indicate if Related Person.

[1]An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: _____ .

2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material.

_____.

3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer:

_____

_____ .

4. If securities are issued in forgiveness of indebtedness, provide details and attach the debt agreement(s) or other documentation evidencing the debt and the agreement to exchange the debt for securities.

5. Description of securities to be issued:

(a) Class _____ .

(b) Number _____ .

(c) Price per security _____ .

(d) Voting rights _____ .

6. Provide the following information if Warrants, (options) or other convertible securities are to be issued:

(a) Number _____ .

(b) Number of securities eligible to be purchased on exercise of Warrants (or options) _____

_____ .

(c) Exercise price _____ .

(d) Expiry date _____ .

7. Provide the following information if debt securities are to be issued:

(a) Aggregate principal amount _____ .

(b) Maturity date _____ .

(c) Interest rate _____ .

(d) Conversion terms _____ .

(e) Default provisions _____ .

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):_____ .

(b) Cash _____ .

(c) Securities _____ .

(d) Other _____ .

(e) Expiry date of any options, warrants etc. _____ .

(f) Exercise price of any options, warrants etc. _____ .

9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship
_____ .

10. Describe any unusual particulars of the transaction (i.e. tax "flow through" shares, etc.).
_____ .

11. State whether the private placement will result in a change of control.
_____ .

12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders.
_____

13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102.

2. Acquisition

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:
Acquiring Blue Tire's real property interests in certain premises and parcels of land, together with the appurtenant improvements, fixtures, and commercial buildings, located in the state of Michigan.

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material:
On November 26, 2018, the Issuer will acquire Blue Tire's real property interests in certain premises and parcels of land, together with the appurtenant improvements, fixtures, and commercial buildings, located in Michigan. Blue Tire does not have an existing relationship with the Issuer; however, pursuant to the purchase agreement, Blue Tire agrees to provide certain ancillary services to the Issuer.

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:

   (a) Total aggregate consideration in Canadian dollars: up to $12,397,282 (assuming a U.S. to Canadian dollar exchange rate of 1:1.3228, being the closing rate published by the Bank of Canada on November 23, 2018)

   (b) Cash: $0.00

   (c) Securities (including options, warrants etc.) and dollar value: up to 400,000 Class A subordinate voting shares.

   (d) Other: _____ .

   (e) Expiry date of options, warrants, etc. if any: _____.

   (f) Exercise price of options, warrants, etc. if any: _____ .

   (g) Work commitments: _____.

4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).
Arm's length negotiations between the parties.

5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: N/A

6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN$)	Conversion price (if applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed by Party	Describe relationship to Issuer (1)
Blue Tire Holdings, LLC ("**Blue Tire**") 15587 Stonehouse Circle, Livonia, Michigan, USA 48154	160,000 Subordinate Voting Shares issuable in monthly increments of 6,666 shares each; 240,000 upon achievement of certain milestones	($30.99 (assuming the U.S. to Canadian dollar conversion rate of 1:1.3228)	N/A	Offering in Foreign Jurisdiction	None	Not a related person.

(1)Indicate if Related Person

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:
The Issuer has obtained Representations and Warranties from Blue Tire regarding Blue Tire's title to the property and any restrictions on title. Further, the Issuer's U.S. legal counsel conducted due diligence on the target business and the Seller, including customary legal searches.

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):

   (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): N/A.

   (b) Cash N/A.

   (c) Securities N/A

   (d) Other N/A

   (e) Expiry date of any options, warrants etc. N/A

   (f) Exercise price of any options, warrants etc. N/A

9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. N/A

10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. N/A

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.

2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).

4. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated November 23, 2018.

Kevin Murphy
Name of Director or Senior Officer

/s/ Kevin Murphy
Signature

Chief Executive Officer
Official Capacity

FORM 6

CERTIFICATE OF COMPLIANCE

TO: CANADIAN SECURITIES EXCHANGE ("CSE")

Acreage Holdings, Inc. (the "Listed Issuer") hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in Policy 1).

Date: November 27, 2018

Signed: /s/ Kevin Murphy
(Signature)

Kevin Murphy
(Print Name)

Chief Executive Officer
(Print Office)

FORM 9

NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES

(or securities convertible or exchangeable into listed securities[1])

Please complete the following:

Name of Listed Issuer: Acreage Holdings, Inc. (the "Issuer").

Trading Symbol: ACRG.U .

Date: December 6, 2018 .

Is this an updating or amending Notice: ☐Yes X No

If yes provide date(s) of prior Notices: **N/A**.

Issued and Outstanding Securities of Issuer Prior to Issuance: 21,443,042 Subordinate Voting Shares, 1,445,879 Proportionate Voting Shares and 168,000 Multiple Voting Shares .

Date of News Release Announcing Private Placement: **N/A** .

Closing Market Price on Day Preceding the Issuance of the News Release: N/A (Closing price on December 5, 2018 was US$15.98)

1. Private Placement

Full Name & Residential Address of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN$)	Conversion Price (if Applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed	Payment Date(1)	Describe relations-hip to Issuer (2)

(1) Indicate date each placee advanced or is expected to advance payment for securities. Provide details of expected payment date, conditions to release of funds etc. Indicate if the placement funds been placed in trust pending receipt of all necessary approvals.

(2) Indicate if Related Person.

[1]An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: **N/A** .

2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. **N/A** .

3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: None .

4. If securities are issued in forgiveness of indebtedness, provide details and attach the debt agreement(s) or other documentation evidencing the debt and the agreement to exchange the debt for securities. **None**.

5. Description of securities to be issued: **N/A** .

   (a) Class _____ .

   (b) Number _____ .

   (c) Price per security _____.

   (d) Voting rights _____ .

6. Provide the following information if Warrants, (options) or other convertible securities are to be issued: **N/A** .

   (a) Number _____ .

   (b) Number of securities eligible to be purchased on exercise of Warrants (or options) _____ .

   (c) Exercise price _____ .

   (d) Expiry date_____ .

7. Provide the following information if debt securities are to be issued: **N/A .**

   (a) Aggregate principal amount_____ .

   (b) Maturity date_____ .

   (c) Interest rate_____ .

(d) Conversion terms _____ .

(e) Default provisions _____ .

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.): **N/A** .

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): _____ .

(b) Cash _____.

(c) Securities _____.

(d) Other _____.

(e) Expiry date of any options, warrants etc. _____.

(f) Exercise price of any options, warrants etc. _____.

9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship

N/A .

10. Describe any unusual particulars of the transaction (i.e. tax "flow through" shares, etc.).

N/A .

11. State whether the private placement will result in a change of control.

N/A .

12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders. **N/A**

13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102.

2. Acquisition

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:
Acquisition of all of the issued and outstanding shares of Form Factory, Inc. ("**Form Factory**"), with business operations, directly and through its subsidiaries, and assets located in California, Oregon, and Washington. Form Factory is a cannabis manufacturer and co-packer located in Portland, Oregon, with an additional facility in Washington and plans for expansion into California.

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material:
On December 5, 2018, the Issuer signed a definitive agreement to acquire all of the issued and outstanding shares of Form Factory in an arm's length transaction; the acquisition will be the result of Form Factory merging with and into a wholly-owned subsidiary of the Issuer, with Form Factory surviving such merger as a wholly-owned subsidiary of the Issuer. Form Factory does not have an existing relationship with the Issuer. The payment terms are USD$160,000,000.00 (CAD$213,648,000.00) assuming a U.S. to Canadian dollar exchange rate of 1:1.3353, being the closing rate published by Bank of Canada on December 5, 2018), to be satisfied by the issuance of up to 6,400,000 Subordinate Voting Shares of the Issuer, of which: 760,000 Subordinate Voting Shares will be subject to a 2-year escrow in order to: (i) satisfy excesses of Form Factory indebtedness and transaction expenses over estimated amounts; and (ii) claims by the Issuer for indemnification in respect of breaches of representations and warranties and covenants of Form Factory and its shareholders in the Merger Agreement.

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:

   (a) Total aggregate consideration in Canadian dollars: CAD$213,648,000.00 (assuming a U.S. to Canadian dollar exchange rate of 1:1.3353, being the closing rate published by Bank of Canada on December 5, 2018).

(b) Cash: **N/A**

(c) Securities (including options, warrants etc.) and dollar value: 6,400,000 Subordinate Voting Shares issued at a deemed price of US$25.00 per share.

(d) Other: _____ .

(e) Expiry date of options, warrants, etc. if any: _____ .

(f) Exercise price of options, warrants, etc. if any: _____ .

(g) Work commitments: _____ .

4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc). Arm's length negotiations between the parties.

5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: N/A

6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN$)	Conversion price (if applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed by Party	Describe relationship to Issuer (1)
Shareholders' names and addresses contain personal information - a copy will be provided to the CSE on a confidential basis.	6,400,000 Subordinate Voting Shares issuable immediately upon closing; of which 760,000 Subordinate Voting Shares will be subject to a 2-year escrow.	A deemed price per share of $33.38 (assuming the U.S. to Canadian dollar conversion rate of 1:1.3353)	N/A	Offering in Foreign Jurisdiction	None	Not a related person.

(1)Indicate if Related Person

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:
The Issuer has obtained Representations and Warranties from Form Factory regarding the title to its assets and the assets of each of its subsidiaries and any restrictions on title. Further, the Issuer's U.S. legal counsel conducted due diligence on the target business and the sellers, including customary legal searches.

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):

   (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): **N/A**.

   (b) Cash **N/A**.

   (c) Securities **N/A**.

   (d) Other **N/A**.

   (e) Expiry date of any options, warrants etc. **N/A**.

   (f) Exercise price of any options, warrants etc. **N/A**.

9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. **N/A**

10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. **N/A**

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.

2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).

4. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated December 6, 2018 .

Kevin Murphy
Name of Director or Senior Officer

/s/ Kevin Murphy
Signature

Chief Executive Officer
Official Capacity

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Acreage Holdings, Inc. (the “Issuer”).

Trading Symbol: ACRG.U

Number of Outstanding Listed Securities: 21,443,042 Subordinate Voting Shares

Date: December 6, 2018

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

(a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.

(b) The term “Issuer” includes the Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 - Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

   Acreage Holdings, Inc. (“Acreage” or the “Issuer”) is headquartered in New York City, New York, with a registered office at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, and is the largest vertically integrated, multi-state owner of cannabis licenses and assets in the U.S. with respect to number of states with operating licenses. With operating licenses in 19 states, serving a population of more than 172 million Americans, and an estimated 2022 total addressable market of approximately $14 billion in legal cannabis sales according to Arcview Market Research. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience.

2. Provide a general overview and discussion of the activities of management.

- On November 14, 2018, Acreage closed the previously announced business combination with High Street Capital Partners, LLC ("HSCP") pursuant to which, among other things, HSCP completed a reverse take-over of the Issuer (the "RTO"). In connection with the closing, (i) the Issuer continued from Ontario to British Columbia (the "Continuance") and completed certain corporate steps in connection with the Continuance, including changing the Issuer's name to "Acreage Holdings, Inc.", and (ii) Acreage Finco B.C. Ltd. ("Finco"), a special purpose vehicle, completed a brokered private placement financing of subscription receipts (the "Subscription Receipts") for gross proceeds of approximately US$314 million (the "Offering").
- In accordance with the resolution of the Issuer's shareholders obtained at a shareholder meeting held on November 6, 2018, the Issuer completed the Continuance and, in connection with the Continuance the Issuer (i) changed its name to "Acreage Holdings, Inc.", (ii) subdivided its class B multiple voting shares on the basis of 1.5 post-subdivision class B multiple voting share for each one class B multiple voting share (the "Subdivision"), (iii) consolidated its Class A subordinate voting shares and its post-Subdivision Class B multiple voting shares on the basis of one post-consolidation Class A subordinate voting share for each 350 Class A subordinate voting shares, and one post-consolidation Class B multiple voting share for each 350 post-Subdivision Class B multiple voting shares (the "Consolidation"); (iv) created new classes of shares designated as Class B proportionate voting shares and Class C multiple voting shares, each having the special rights and restrictions set forth in the Articles of the Issuer, (iv) amended the terms of the post-Consolidation Class A subordinate voting shares of the Issuer and the post-Consolidation, post-Subdivision Class B multiple voting shares of the Issuer such that they became the Class A subordinate voting shares of the Issuer (the "Subordinate Voting Shares") with the rights and restrictions set forth in the Issuer's Articles.
- On November 14, 2018, the Issuer filed a Form 2A - Listing Statement (the "Listing Statement") on SEDAR and with the Canadian Securities Exchange, and began trading its Subordinate Voting Shares through the facilities of the Canadian Securities Exchange on November 15, 2018.
- On November 29, 2018, the Issuer filed financial statements for HSCP for the three and nine month periods ended September 30, 2018.

For further details regarding the RTO and the Offering, please refer to the Listing Statement.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

   On November 7, 2018, Acreage opened the Botanist, a medical marijuana dispensary located at 192 Seneca St, Buffalo, NY 14204.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

   N/A

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

   N/A

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

   N/A

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

   - On November 26, 2018, the Issuer announced an agreement to acquire the real estate assets of Blue Tire Holdings, LLC, a Michigan limited liability company, which have been zoned to operate in the cannabis industry. Blue Tire Holdings, LLC was not a related person of the Issuer.
   - On November 29, 2018, the Issuer filed financial statements for HSCP for the three- and nine-month periods ended September 30, 2018.
   - On November 21, 2018, the Issuer acquired one of 22 cultivation and processing licenses in Illinois.
   - On November 28, 2018, the Issuer entered into a line of credit agreement with Patient Centric Martha's Vineyard, Ltd. to establish a management services agreement.

- On November 28, 2018, the Issuer entered into an agreement to purchase a third Connecticut dispensary, giving the Issuer three of nine dispensary licenses in the state.

8. Describe the acquisition of new customers or loss of customers.

   N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

   On November 28, 2018, the Issuer entered in an agreement to acquire the intellectual property rights to what it believes is the largest, most diverse library of cannabis genetics in the world.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

    Effective as of November 14, 2018, the directors and officers of Applied Inventions Management Corp. resigned and were replaced with the former officers of HSCP. The board of the Issuer consists of John Boehner, Brian Mulroney, Bill Weld, Larissa Herda, Bill Van Faasen, Douglas Maine, and Kevin Murphy, Chief Executive Officer of the Issuer. The Issuer hired approximately 25 employees in November following the date of the Listing Statement.

11. Report on any labour disputes and resolutions of those disputes if applicable.

    N/A

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

    On November 2, 2018, EPMMNY LLC (“EPMMNY”) filed a complaint in the Supreme Court of the State of New York, County of New York, asserting claims against 16 defendants, including NYCANNA, Impire, NYMRC and HSCP. The Index Number for the action is 655480/2018. EPMMNY alleges that it was wrongfully deprived of a minority equity interest and management role in NYCANNA by its former partner, New Amsterdam Distributors, LLC, which attempted to directly or indirectly sell or transfer EPMMNY’s alleged interest in NYCANNA to other entities in 2016 and 2017, including Impire, NYMRC and HSCP. EPMMNY alleges that it is entitled to the value of its alleged minority interest in NYCANNA or minority ownership in NYCANNA. EPMMNY also alleges that certain defendants misused its alleged intellectual property and/or services, improperly solicited its employees, and aided and abetted or participated in the transfer of equity and/or business opportunities from EPMMNY.

    Acreage intends to vigorously defend this action, which it firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by Acreage.

Acreage is also entitled to full indemnity from the claims asserted against it by EPMMNY pursuant to the purchase agreement pertaining to its acquisition of NYCANNA and personal guarantee by the largest shareholders of the seller.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

N/A

14. Provide details of any securities issued and options or warrants granted.

See the Issuer's previously filed CSE Form 9, dated November 23, 2018, and listing statement, dated November 14, 2018.

Security	Number Issued	Details of Issuance	Use of Proceeds[1]
Restricted Stock Units	2,285,850	November 14, 2018	N/A
Stock Options	4,254,500	November 14, 2018	N/A

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

N/A

16. Provide details of any changes in directors, officers or committee members.

Effective as of November 14, 2018, the directors and officers of Applied Inventions Management Corp. resigned and were replaced with the former officers of HSCP. The board of the Issuer consists of John Boehner, Brian Mulroney, Bill Weld, Larissa Herda, Bill Van Faasen, Douglas Maine, and Kevin Murphy, Chief Executive Officer of the Issuer.

As of November 14, 2018, the Audit Committee of the Issuer consists of Bill Van Faasen, Douglas Maine and Kevin Murphy.

As of November 14, 2018, the Compensation and Corporate Governance Committee of the Issuer consists of Larissa Herda, Brian Mulroney, John Boehner, Bill Weld and Kevin Murphy.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Trends and risks which may impact the Issuer are detailed in Section 17 - *Risk Factors* - in the Issuer's Listing Statement dated November 14, 2018.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.

2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 7 Monthly Progress Report is true.

Dated December 6, 2018.

Glen S. Leibowitz
Name of Director or Senior Officer

/s/ Glen S. Leibowitz
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Acreage Holdings, Inc.	For Month End November 2018	Date of Report YY/MM/D 18/12/6
Issuer Address 366 Madison Avenue, 11th Floor		
City/Province/Postal Code New York, New York 10017	Issuer Fax No. (212) 428-6770	Issuer Telephone No. (646) 600-9181
Contact Name Glen Leibowitz	Contact Position CFO	Contact Telephone No. (646) 600-9181
Contact Email Address g.leibowitz@acreageholdings.com	Web Site Address https://www.acreageholdings.com/about/	

FORM 6

CERTIFICATE OF COMPLIANCE

TO: CANADIAN SECURITIES EXCHANGE ("CSE")

Acreage Holdings, Inc. (the "Listed Issuer") hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in Policy 1).

Date: December 6, 2018

Signed: /s/ Kevin Murphy
(Signature)

Kevin Murphy
(Print Name)

Chief Executive Officer
(Print Office)

Exhibit 99.68

FORM 9

NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES

(or securities convertible or exchangeable into listed securities[1])

Please complete the following:

Name of Listed Issuer: Acreage Holdings, Inc. (the "Issuer")

Trading Symbol: ACRG.U

Date: December 19, 2018

Is this an updating or amending Notice: ☐ Yes X No

If yes provide date(s) of prior Notices: N/A.

Issued and Outstanding Securities of Issuer Prior to Issuance: 21,443,042 Subordinate Voting Shares, 1,445,879 Proportionate Voting Shares and 168,000 Multiple Voting Shares.

Date of News Release Announcing Private Placement: N/A

Closing Market Price on Day Preceding the Issuance of the News Release: N/A

1. Private Placement (if shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition), proceed to Part 2 of this form)

Full Name & Residential Address of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (US$)	Conversion Price (if Applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed	Payment Date(1)	Describe relations-hip to Issuer (2)
Name and address contains personal information -details will be provided to the CSE upon request	28,000 Subordinate Voting Shares	25.00	N/A	s. 2.24, NI 45-106	100,000 Subordinate Voting Shares	N/A	Consultant

(1) Indicate date each placee advanced or is expected to advance payment for securities. Provide details of expected payment date, conditions to release of funds etc. Indicate if the placement funds been placed in trust pending receipt of all necessary approvals.

(2) Indicate if Related Person.

[1]An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: N/A .

2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. N/A .

3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: N/A .

4. If securities are issued in forgiveness of indebtedness, provide details and attach the debt agreement(s) or other documentation evidencing the debt and the agreement to exchange the debt for securities. Pursuant to a Consulting Services Agreement dated November 2, 2018, the Issuer agreed to issue 28,000 Subordinate Voting Shares to a consultant as consideration for past real estate, investment, development, management and consulting services rendered. A copy of the applicable Consulting Services Agreement will be available to the CSE upon request and has not been attached hereto as it contains personal and confidential information.

5. Description of securities to be issued:

   (a) Class Subordinate Voting Shares .

   (b) Number 28,000 .

   (c) Price per security US$25.00.

   (d) Voting rights 1 vote per Subordinate Voting Share.

6. Provide the following information if Warrants, (options) or other convertible securities are to be issued: N/A

   (a) Number _____ .

   (b) Number of securities eligible to be purchased on exercise of Warrants (or options) _____ .

   (c) Exercise price _____ .

   (d) Expiry date _____ .

7. Provide the following information if debt securities are to be issued: N/A

   (a) Aggregate principal amount _____ .

   (b) Maturity date _____ .

   (c) Interest rate _____ .

   (d) Conversion terms _____ .

   (e) Default provisions _____.

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.): N/A

   (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): _____.

   (b) Cash _____ .

   (c) Securities _____ .

   (d) Other _____ .

   (e) Expiry date of any options, warrants etc. _____.

   (f) Exercise price of any options, warrants etc. _____.

9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship N/A.

10. Describe any unusual particulars of the transaction (i.e. tax "flow through" shares, etc.).

    None.

11. State whether the private placement will result in a change of control.

    The issuance will not result in a change of control.

12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders. N/A.

13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102.

2. Acquisition

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material: N/A.

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material: N/A

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments: N/A

   (a) Total aggregate consideration in Canadian dollars: _____.

   (b) Cash: _____.

   (c) Securities (including options, warrants etc.) and dollar value: _____.

   (d) Other: _____.

   (e) Expiry date of options, warrants, etc. if any: _____.

   (f) Exercise price of options, warrants, etc. if any: _____.

   (g) Work commitments: _____.

4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).

   N/A

5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: N/A.

6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

N/A

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN$)	Conversion price (if applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed by Party	Describe relationship to Issuer (1)

(1)Indicate if Related Person

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired: N/A .

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.): N/A

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): _____.

(b) Cash _____.

(c) Securities _____.

(d) Other _____.

(e) Expiry date of any options, warrants etc. _____.

(f) Exercise price of any options, warrants etc. _____.

9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. N/A

10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. N/A.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.

2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).

4. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated December 19, 2018.

Glen Leibowitz
Name of Director or Senior Officer

/s/ Glen Leibowitz
Signature

Chief Financial Officer
Official Capacity

Exhibit 99.69

FORM 6

CERTIFICATE OF COMPLIANCE

TO: CANADIAN SECURITIES EXCHANGE ("CSE")

Acreage Holdings, Inc. (the "Listed Issuer") hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in Policy 1).

Date: January 17, 2019

Signed: /s/ Kevin Murphy
(Signature)

Kevin Murphy
(Print Name)

Chief Executive Officer
(Print Office)

FORM 9
NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES
(or securities convertible or exchangeable into listed securities[1])

Please complete the following:

Name of Listed Issuer: Acreage Holdings, Inc. (the "Issuer")

Trading Symbol: ACRG.U

Date: January 17, 2019

Is this an updating or amending Notice: ☐Yes X No

If yes provide date(s) of prior Notices: N/A.

Issued and Outstanding Securities of Issuer Prior to Issuance: 28,280,173 Subordinate Voting Shares, 1,275,659.175 Proportionate Voting Shares and 168,000 Multiple Voting Shares.

Date of News Release Announcing Private Placement: N/A

Closing Market Price on Day Preceding the Issuance of the News Release: N/A

1. Private Placement (if shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition), proceed to Part 2 of this form)

Full Name & Residential Address of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (US$)	Conversion Price (if Applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed	Payment Date(1)	Describe relations-hip to Issuer (2)

(1) Indicate date each placee advanced or is expected to advance payment for securities. Provide details of expected payment date, conditions to release of funds etc. Indicate if the placement funds been placed in trust pending receipt of all necessary approvals.

(2) Indicate if Related Person.

[1]An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: _____.

2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material._____.

3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer:
_____
.

4. If securities are issued in forgiveness of indebtedness, provide details of the debt agreement(s) or and the agreement to exchange the debt for securities.

5. Description of securities to be issued:

   (a) Class_____.

   (b) Number_____.

   (c) Price per security_____.

   (d) Voting rights _____

6. Provide the following information if Warrants, (options) or other convertible securities are to be issued:

   (a) Number_____.

   (b) Number of securities eligible to be purchased on exercise of Warrants (or options)
   _____.

   (c) Exercise price_____.

   (d) Expiry date_____.

7. Provide the following information if debt securities are to be issued:

   (a) Aggregate principal amount_____.

   (b) Maturity date_____.

   (c) Interest rate_____.

   (d) Conversion terms_____.

(e) Default provisions _____.

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): _.

(b) Cash _____.

(c) Securities _____.

(d) Other _____.

(e) Expiry date of any options, warrants etc. _____.

(f) Exercise price of any options, warrants etc. _____.

9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship _____

10. Describe any unusual particulars of the transaction (i.e. tax "flow through" shares, etc.).
_____

11. State whether the private placement will result in a change of control.
_____

12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders. _____

13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102.

1.

2. Acquisition

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

   On November 2, 2018, High Street Capital Partners, LLC ("HSCP"), a subsidiary of the Issuer, entered into a securities purchase agreement (the "Securities Purchase Agreement") with the shareholders of Nature's Way Nursery of Miami, Inc. ("Nature's Way") to acquire 100% of the outstanding securities of Nature's Way.

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material:

   On January 4, 2019, HSCP acquired 100% of the outstanding securities of Nature's Way for total consideration of US$67,000,000, US$4,000,000 of which was satisfied by the issuance of 198,019 Common Units of HSCP, and the remaining consideration was paid in cash. Nature's Way and the shareholders of Nature's Way are arm's length parties to HSCP and the Issuer. Nature's Way holds a license to operate medical marijuana cultivation sites and dispensaries in Florida.

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:

   (a) Total aggregate consideration in Canadian dollars: $89,847,000 (assuming a U.S. to Canadian dollar exchange rate of 1:1.3410, the closing rate published by the Bank of Canada on January 4, 2019).

   (b) Cash: $84,483,000 (assuming a U.S. to Canadian dollar exchange rate of 1:1.3410, the closing rate published by the Bank of Canada on January 4, 2019).

   (c) Securities (including options, warrants etc.) and dollar value: 198,019 Common Units of HSCP at a deemed price of $27.02 per Common Unit (assuming a U.S. to Canadian dollar exchange rate of 1:1.3410, the closing rate published by the Bank of Canada on January 4, 2019) which are convertible on a 1:1 basis into Subordinate Voting Shares of the Issuer.

(d) Other: _____.

(e) Expiry date of options, warrants, etc. if any: _____.

(f) Exercise price of options, warrants, etc. if any: _____.

(g) Work commitments: _____.

4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).

Arm's length negotiations between the parties.

5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: N/A.

6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

1.

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN$)	Conversion price (if applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed by Party	Describe relationship to Issuer (1)
Name and address contains personal information - details will be provided to the CSE upon request	198,019 Common Units of HSCP, which are convertible on a 1:1 basis into Subordinate Voting Shares of the Issuer	$27.02	N/A	s. 2.11, NI 45-106	None	Arm's length

(1) Indicate if Related Person

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:

Customary representations and warranties of title under the Securities Purchase Agreement and management due diligence.

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.): N/A

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): _____

(b) Cash _____.

(c) Securities _____.

(d) Other _____.

(e) Expiry date of any options, warrants etc. _____

(f) Exercise price of any options, warrants etc. _____.

9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. N/A

10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. N/A.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.

2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).

4. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated January 17, 2019.

Glen Leibowitz
Name of Director or Senior Officer

/s/ Glen Leibowitz
Signature

Chief Financial Officer
Official Capacity

Consent of Independent Auditor

We consent to the use in this Registration Statement on Form 40-F of Acreage Holdings, Inc. of our reports dated October 22, 2018, except Note 14, which is as of January 29, 2019 and December 1, 2017, relating to the consolidated financial statements of Applied Inventions Management Corp. appearing in Exhibit 99.1 and Exhibit 99.6, respectively, which are part of this Registration Statement.

Toronto, Ontario
January 29, 2019

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

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RSM Canada LLP is a limited liability partnership that provides public accounting services and is the Canadian member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmcanada.com/aboutus for more information regarding RSM Canada LLP and RSM International.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Acreage Holdings, Inc.

We consent to the incorporation by reference in this Registration Statement on Form 40-F of our report, dated November 9, 2018, relating to the consolidated financial statements of High Street Capital Partners, LLC d/b/a Acreage Holdings (the "Company") which appears in Exhibit 99.59, which is incorporated by reference in this Registration Statement on Form 40-F.

We also consent to the references to us under the heading "Interests of Experts" which appears in the Form 2a Listing Statement dated November 14, 2018, included in Exhibit 99.59, which is incorporated by reference in this Registration Statement on Form 40-F.

/s/ Macias Gini & O'Connell LLP
Sacramento, California
January 29, 2019

Macias Gini & O'Connell LLP
3000 S Street, Suite 300
Sacramento, CA 95816

Sheehan & COMPANY

437 Madison Avenue, 23rd Floor
New York, NY 10022 • 212.962.4470

165 Orinoco Drive, Brightwaters, NY 11718
631.665.7040 • Fax: 631.665.7014

15 South Bayles Avenue, Port Washington, NY 11050
516.883.5510 • Fax: 516.767.7438

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www.sheehancpa.com

Consent of Independent Auditor

The Board of Directors
Acreage Holdings, Inc.

We consent to the use in this Registration Statement on Form 40-F of our report, dated November 2, 2018 on the financial statements of D&B Wellness, LLC D/B/A Compassionate Care Center of Connecticut, which comprise the statements of financial position as at December 31, 2017, December 31, 2016 and January 1, 2016 and the statements of operations and comprehensive income, member's equity and cash flows for the years ended December 31, 2017 and December 31, 2016 and the related notes to the financial statements, which comprise a summary of significant accounting policies and other explanatory information, which is included in this Registration Statement on Form 40-F being filed by Acreage Holdings, Inc. with the United States Securities and Exchange Commission.

Sheehan & Company CPA, P.C.
Brightwaters, New York
January 29, 2019

DAVIDSON & COMPANY LLP Chartered Professional Accountants

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To: Acreage Holdings, Inc.

We consent to the use in this Registration Statement on Form 40-F of:

- our report, dated November 2, 2018 on the financial statements of Prime Wellness of Connecticut, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information;
- our report, dated November 2, 2018 on the financial statements of the Wellness & Pain Management Connection, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016 and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information; and
- our report, dated November 2, 2018 on the financial statements of Prime Alternative Treatment Center Consulting, LLC, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of operations and comprehensive income, members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information;

each of which is included in this Registration Statement on Form 40-F being filed by Acreage Holdings, Inc. with the United States Securities and Exchange Commission.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

January 29, 2019

A member of Nexia International

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Telephone (604) 687-0947 Davidson-co.com