



Acreage Announces Operational Updates, Executive Resignation, Suspension of Guidance and Termination of Proposed Deep Roots Acquisition

NEW YORK, April 03, 2020 -- [Acreage Holdings, Inc.](#) ("Acreage" or the "Company") (CSE: ACRG.U) (OTCQX: ACRGF) (FSE: 0VZ) today announced a series of operational updates and strategic business decisions related to the significant impact of the COVID-19 pandemic and other uncontrollable factors that have greatly shifted the cannabis landscape. The moves are intended to enable the Company to maintain its business goals of profitability, conserve cash and to execute its strategic plan.

Acreage's management executed the following initiatives:

- Temporarily furloughed 122 employees across both the corporate office and field operations teams
- Temporarily closed certain operations, including:
 - one dispensary in each of Maryland and North Dakota
 - wholesale operations in Iowa
 - Form Factory operations in California, Oregon, and Washington
- Converted its dispensary in Queens, New York, to a delivery hub
- Terminated the securities purchase agreement among Greenleaf Compassionate Care Center, Inc., GCCC Management, LLC ("GCCCM"), the equity holders of GCCCM and High Street Capital Partners, LLC relating to the proposed acquisition of a dispensary in Rhode Island

Additionally, the merger agreement entered into with Deep Roots Medical, LLC, as described in the Company's April 18, 2019 press release, was terminated due to the ongoing moratorium imposed by the Nevada Department of Taxation. The delay prevented the parties from obtaining the consents, approvals and authorizations necessary to consummate the merger prior to the outside date provided in the merger agreement.

Acreage also announced the resignation of Steve Hardardt, the Company's Executive Vice President, Chief People Officer and Administration, effective immediately.

With the COVID-19 pandemic resulting in a virtual shutdown of significant parts of the United States that is expected to continue for at least the next month and possibly longer, continued construction and regulatory delays in Illinois, California, Massachusetts, Michigan and elsewhere, and in anticipation of a significant economic downturn that will have a yet-to-be-measured impact on the U.S. cannabis industry, the Company re-evaluated its business plan and determined its most prudent path toward profitability.

As a result of today's decisions, the Company is suspending its previous 2020 financial targets. The company will provide a more detailed update on its first quarter earnings call tentatively scheduled for May 13, 2020.

"Although we are facing difficult times, I remain optimistic about the U.S. cannabis industry and Acreage in particular," said Acreage Chair and Chief Executive Officer, Kevin Murphy. "But as a result of the COVID-19 pandemic, we have made the very difficult decision to furlough several of our employees and close certain facilities while we navigate through the crisis. Additionally, we withdrew from certain agreements with Deep Roots and Greenleaf as circumstances have materially changed. These bold measures will help to ensure that we emerge from this very challenging situation stronger than ever before."

ABOUT ACREAGE

Headquartered in New York City, Acreage is one of the largest vertically integrated, multi-state operators of cannabis licenses and assets in the U.S., according to publicly available information. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience. Acreage debuted its national retail store brand, *The Botanist* in 2018 and its award-winning consumer brands, *The Botanist* and *Live Resin Project* in 2019.

On June 27, 2019 Acreage implemented an arrangement under section 288 of the Business Corporations Act (British Columbia) (the "Arrangement") with Canopy Growth Corporation ("Canopy Growth"). Pursuant to the Arrangement, the Acreage articles were amended to provide Canopy Growth with an option to acquire all of the issued and outstanding shares in the capital of Acreage, with a requirement to do so, upon a change in federal laws in the United States to permit the general cultivation, distribution and possession of marijuana (as defined in the relevant legislation) or to remove the regulation of such activities from the federal laws of the United States (the "Triggering Event"), subject to the satisfaction of the conditions set out in the arrangement agreement entered into between Acreage and Canopy Growth on April 18, 2019, as amended on May 15, 2019 (the "Arrangement Agreement"). Acreage will continue to operate as a stand-alone entity and to conduct its business independently, subject to compliance with certain covenants contained in the Arrangement Agreement. Upon the occurrence or waiver of the Triggering Event, Canopy Growth will exercise the option and, subject to the satisfaction or waiver of certain conditions to closing set out in the Arrangement Agreement, acquire (the "Acquisition") each of the Subordinate Voting Shares (following the automatic conversion of the Class B proportionate voting shares and Class C multiple voting shares of Acreage

into Subordinate Voting Shares) in exchange for the payment of 0.5818 of a common share of Canopy Growth per Subordinate Voting Share (subject to adjustment in accordance with the terms of the Arrangement Agreement). If the Acquisition is completed, Canopy Growth will acquire all of the Acreage Shares, Acreage will become a wholly owned subsidiary of Canopy Growth and Canopy Growth will continue the operations of Canopy Growth and Acreage on a combined basis. For more information about the Arrangement and the Acquisition please see the respective information circulars of each of Acreage and Canopy Growth dated May 17, 2019, which are available on Canopy Growth's and Acreage's respective profiles on SEDAR at www.sedar.com. For additional information regarding Canopy Growth, please see Canopy Growth's profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This news release and each of the documents referred to herein contains "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of applicable United States securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information, including, for greater certainty, statements regarding the implications of the strategic decisions by Acreage, the temporary nature of the operational changes referred to, the timing and implications of deferring the Company's 2020 financial targets, the on-going implications of COVID-19 and the proposed transaction with Canopy Growth, including the anticipated benefits and likelihood of completion thereof.

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. 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: the future implications to the business, financial results and performance of the Company arising, directly or indirectly, from COVID-19, the ability of Acreage and Canopy Growth to satisfy, in a timely manner, the conditions to the completion of the Acquisition; the likelihood of completion of the Acquisition; other expectations and assumptions concerning the transactions contemplated between Acreage and Canopy Growth; 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 and lack of access to U.S. bankruptcy protections; reliance on the expertise and judgment of senior management of Acreage; risks related to proprietary intellectual property and potential infringement by third parties; the concentrated voting control of Acreage's founder and the unpredictability caused by Acreage's capital structure; risks relating to the management of growth; 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 judgments and effecting service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; and limited research and data relating to cannabis. 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, including the Acreage's management information circular dated May 17, 2019 filed on May 23, 2019 and Acreage's Annual Information Form for the year ended December 31, 2018 filed on April 29, 2019, 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.

Neither the Canadian Securities Exchange nor its Regulation Service Provider has reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.

Media Contact:

Howard Schacter
Vice President of Communications
h.schacter@acreeageholdings.com
646-600-9181

Investor Contact:

Steve West
Vice President, Investor Relations
Investors@acreeageholdings.com
646-600-9181