Section 1: 10-K (10-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 000-56021

ACREAGE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada			**98-1463868**
(State or other jurisdiction of incorporation or organization)			(I.R.S. Employer Identification No.)
366 Madison Avenue, 11th Floor	**New York**	**New York**	**10017**
(Address of Principal Executive Offices)			(Zip Code)

(646) 600-9181
Registrant's telephone number, including area code

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

Securities registered pursuant to section 12(g) of the Act: Class A Subordinate Voting Shares, no par value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of voting stock held by non-affiliates of the Registrant on June 30, 2019, based on the closing price of $16.41 for the Registrant's Subordinate Voting Shares as reported by the Canadian Securities Exchange, was approximately $1.021 billion. Subordinate Voting Shares beneficially owned by each executive officer, director, and holder of more than 10% of our Subordinate Voting Shares have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of May 27, 2020, assuming conversion of Proportionate Voting Shares and Multiple Voting Shares to Subordinate Voting Shares, there were 99,137,484 Subordinate Voting Shares issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Acreage Holdings, Inc.

Form 10-K

For the Fiscal Year Ended December 31, 2019

Explanatory Note

Due to the outbreak of coronavirus disease 2019 ("COVID-19"), Acreage Holdings, Inc. (the "Company", "we", "our", "us" or "Acreage") previously filed a current report on Form 8-K to avail itself of an extension to file its Annual Report on Form 10-K for the period ended December 31, 2019 (this "Annual Report" or "Form 10-K"), originally due on March 30, 2020, relying on an order issued by the Securities and Exchange Commission (the "SEC") on March 4, 2020 pursuant to Section 36 of the Securities Exchange Act of 1934, as amended (Release No. 34-88318) (the "Order"), regarding exemptions granted to certain public companies from specified provisions of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder. In December 2019, COVID-19 was reported to have surfaced in Wuhan, China, which has and is continuing to spread throughout China and other parts of the world, including the United States. On January 30, 2020, the World Health Organization declared the outbreak of the COVID-19 a "Public Health Emergency of International Concern," and on March 11, 2020, the World Health Organization characterized the outbreak as a "pandemic". Our operations are located in many states throughout the United States, including New York, one of the areas of the United States hardest-hit by the COVID-19 pandemic. The Company's corporate headquarters are located in New York City.

As a result of COVID-19, the Company has been following the recommendations of local health authorities to minimize exposure risk for its employees for the past several months, including the temporary closures of its offices and having employees work remotely to the extent possible, which has adversely affected employee efficiency and disrupted the Company's business operations. In particular, these changes have affected the collaboration of our financial reporting team and the accessibility of the Company's books and records, resulting in delays in the review, preparation and completion of its financial statements for the 2019 fiscal year due to guidance from authorities for employees to follow work from home procedures. As such, the Company has relied upon the 45-day grace period provided by the Order to delay filing of its Annual Report. In addition, the Company filed a Notification of Late Filing on Form 12b-25 on May 13, 2020. We were unable to file this Annual Report on the extended May 14, 2020 due date because (i) ongoing business challenges took a significant amount of management's time away from the preparation of the Form 10-K and delayed the preparation of the audited financial statements for the year ended December 31, 2019 and (ii) of the delays in preparation of its Annual Report on Form 10-K as a result of the effects of COVID-19.

Cautionary Statement Regarding Forward Looking-Statements

This Annual Report of the Company contains statements that include forward-looking information and are forward-looking statements within the meaning of applicable Canadian and United States securities legislation ("forward-looking statements"), including the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. All statements, other than statements of historical fact, included herein are forward-looking statements, including, for greater certainty, the on-going implications of the novel coronavirus ("COVID-19") and statements regarding the proposed transaction with Canopy Growth Corporation ("Canopy Growth"), including the anticipated benefits and likelihood of completion thereof.

Generally, forward-looking statements 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 statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking statements. Forward-looking statements reflect Acreage's current beliefs and are based on information currently available to Acreage and on assumptions Acreage believes are reasonable. Forward-looking statements 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 statements. Such risks and other factors may include, but are not limited to: the ability of the parties to receive, in a timely manner and on satisfactory terms, necessary regulatory approvals; the available funds of Acreage and the anticipated use of such funds; the availability of financing opportunities; the ability of Acreage and Canopy Growth to satisfy, in a timely manner, the conditions to the completion of the acquisition of 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); 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 COVID-19 or other widespread global health crises, including disruptions in our cultivation and processing activities, supply chains and sales channels, as well as a deterioration of general economic conditions, including a possible national or global recession. Shelter-in-place orders and social distancing practices designed to limit the spread of COVID-19 have affected and may continue to affect our retail business and corporate offices; 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; and limited research and data relating to cannabis. A description of additional assumptions used to develop such forward-looking statements and a description of additional risk factors that may cause actual results to differ materially from forward-looking statements can be found in Part I, Item 1A of this Form 10-K under the heading “Risk Factors.” Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, 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 statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking statements contained in this Form 10-K are expressly qualified by this cautionary statement. The forward-looking statements contained in this Form 10-K represent the expectations of Acreage as of the date of this Form 10-K and, accordingly, are subject to change after such date. However, Acreage expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

PART I

Item 1. Business.

Introduction

Acreage Holdings, Inc. ("Acreage", "we", "us", "our" or the "Company") is a leading multi-state operator in the U.S. cannabis industry. Our operations include (i) cultivating cannabis plants, (ii) manufacturing branded consumer products, (iii) distributing cannabis flower and manufactured products, and (iv) retailing high-quality, effective and dosable cannabis products to consumers. We appeal to medical and adult recreational use ("adult-use") customers through brand strategies intended to build trust and loyalty.

We are a British Columbia company that began trading on the Canadian Securities Exchange on November 15, 2018 following the completion of the reverse takeover transaction (the "RTO") between us and High Street Capital Partners, LLC ("High Street"), which is an indirect subsidiary of the Company, on November 14, 2018. We were originally incorporated under the Business Corporations Act (Ontario) on July 12, 1989 as Applied Inventions Management Inc. On August 29, 2014, the Company changed its name to Applied Inventions Management Corp. The Company redomiciled from Ontario into British Columbia and changed its name to Acreage Holdings, Inc. on November 9, 2018.

Kevin Murphy, the Chair and Chief Executive Officer of the Company, 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. High Street 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 High Street in 2014, Mr. Murphy contributed his cannabis related investment portfolio valued at approximately $14 million to High Street in exchange for 20 million Class B membership units of High Street.

High Street and the Company have invested in geographically diverse licensed entities that operate in both the adult-use and medical-use authorized U.S. states. The companies in which the Company and High Street have a direct or indirect ownership interest (collectively, 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, High Street's management gained significant experience in cultivation, processing and dispensing of cannabis and cannabis infused products.

From inception until April 2018, when High Street began the process of converting its minority investments in many of the Subsidiaries into controlling interests, the principal business activity of High Street 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 High Street-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, High Street was generally entitled to hold board seats and played an advisory role in the management and operations of such Subsidiaries, which afforded High Street the opportunity to build its institutional knowledge in the cannabis space. Additionally, being an investor in the Subsidiaries provided High Street with the ability to develop a vertically-integrated U.S. cannabis market participant with one of the largest footprints in the industry.

High Street is a Delaware limited liability company, or LLC, rather than a corporation. Unlike a corporation, generally all profits and losses of the business carried on by an LLC "pass through" to each member of the LLC. LLC members report their respective shares of such profits and losses on their U.S. federal tax returns. Membership equity interest in High Street are represented by units ("Units").

Since 2018, we have worked toward becoming the best multi-state operator in the U.S. and we continue to be committed to providing access to cannabis' beneficial properties by creating the best quality products and consumer experiences.

Strategy and the Acreage Operations Footprint

As of the date of this Annual Report, Acreage owns and operates cannabis businesses or has management or consulting services or other agreements to assist in operations in place with licensed operators in 14 states. Through its subsidiaries, Acreage is engaged in, or has management or consulting services agreements in place with license holders to assist in the manufacture, possession, sale or distribution of cannabis in the adult-use or medical cannabis marketplace in California, Connecticut, Florida, Illinois, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Oregon and Pennsylvania.

Acreage is dedicated to unlocking the transformational power of cannabis to heal and change the world in order to achieve its full potential in helping all people live better and longer lives. Our mission is to champion and provide access to cannabis' beneficial properties by creating the highest quality medical and adult-use products and consumer experiences. Our operational strategy to deliver on our vision and mission revolves around four primary areas of focus: (1) cultivation; (2) retail; (3) processing/manufacturing and (4) wholesale. While we focus on these four areas, we have determined that we have just one reportable business segment: the production and sale of cannabis products.

Manufacturing Operations: We have extensive capability and know-how in converting raw cannabis into finished products at the request of third parties. We use our know-how and intellectual property to manufacture and develop new and existing third party branded products and sell those products to third parties and through our retail and wholesale channels where allowable by law. We primarily operate in California and Oregon, but we will seek to expand operations into additional states as such opportunities are presented and permissible under applicable state laws and regulations.

Operational Highlights

We and entities with which we have management or consulting services agreements have cultivating, processing & manufacturing, wholesaling, and retailing and/or distributing operations in 18 states.

We own or will own, assuming completion of pending acquisitions, 15 operational dispensaries. We have or will have management or consulting services agreements, including pending acquisitions, with entities operating 12 dispensaries.

We operate, or will operate, assuming completion of pending acquisitions, eight cultivation facilities in seven states. We have, or will have, assuming completion of pending acquisitions, management or consulting services agreements with entities operating five additional cultivation facilities. We also operate, or will operate, assuming completion of pending acquisitions, seven processing or manufacturing facilities and have management or consulting services agreements with an additional four facilities that process or manufacture cannabis products. In most states, processing facilities are co-located with cultivation facilities.

Cultivation

Consistently growing high-quality cannabis is the one of the most important aspects of our business. In general, cannabis cultivation takes place in three settings: indoor, outdoor and in greenhouses. While it is cost effective to grow cannabis outdoors, it is also very hard to control pest infestations without the use of significant amounts of pesticides, and is subject to other risks such as severe weather, diseases and mold. As a result, cannabis grown outdoors is significantly lower in quality than cannabis grown indoors or in greenhouses. Our focus is growing the highest quality medicinal and adult-use cannabis. We therefore currently grow all of our cannabis in indoor and greenhouse facilities, which allows us to grow in organic conditions under ideal climate controls and without the use of pesticides or fertilizers. We require significant capital to build and outfit our facilities. Beginning in October 2019, we began entering into sale and leaseback transactions with a real estate investment trust to finance (See Note 14 of the Consolidated Financial Statements) its cultivation construction and expansions. We will continue to pursue transactions with real estate investment trusts when such transactions are advantageous to us and our shareholders.

Acreage or the entities with which it has management or consulting services or other agreements to assist in operations have 12 operating cultivation facilities. As of the date of this Annual Report on Form 10-K, Acreage has 55,991 square feet of canopy for cannabis cultivation. As announced on April 3, 2020, we temporarily halted cultivation operations in Iowa, in part as a response to the COVID-19 pandemic.

Retail

Acreage both operates licensed retail adult-use and medicinal cannabis dispensaries and has management or consulting services agreements with licensed dispensaries and provides assistance (but does not control) such entities in exchange for fees for such services. We and our contractual affiliates currently operate 27 dispensaries (including pending acquisitions) in 10 states. We seek to build out as many dispensaries as we are permitted by state rules and regulations under our existing licenses and we also continually evaluate acquisition targets to expand our dispensary footprint. On April 3, 2020, we announced the temporary closure of a dispensary in Maryland and one in North Dakota, and the conversion of a dispensary in Queens, NY to delivery-only, in part as a response to the COVID-19 pandemic.

We design our dispensaries to provide the best possible experience to our customers. Where possible and to the extent permissible under state law, we feature our own cultivated and manufactured products, but also feature other in-demand medicinal and adult-use products from other producers. Our flagship dispensary brand is *The Botanist*, which first launched in 2018. However, we also operate retail dispensaries under other names. In each instance, we consider whether to convert dispensaries to *The Botanist*

brand and plan to do so where it makes sense commercially and is permissible by law. We view retail operations as one of our primary sources of cash flow for the foreseeable future.

Our flagship *The Botanist* retail concept brings a unique, consistent and scalable retail design and customer experience to cannabis that appeals to a wide range of 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 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.

Processing & Manufacturing

In states where we are appropriately licensed, we take the high-quality cannabis flower we grow and process or manufacture that flower into various forms for consumer and patient consumption, including pre-rolls, and concentrated extracts for use in gel caps, edibles, beverages, and vape cartridges. Our manufacturing and processing facilities are capital intensive, and we may enter into sale and leaseback transactions with a real estate investment trust to finance build-outs of our facilities, when such transactions are advantageous to us and our shareholders.

Acreage has one of the top extraction teams in the cannabis industry. With our deep technical cannabis experience supported with an in-house data analytics team, Acreage has an agile product development workflow to continuously produce, test and launch new products. Data-driven decision making informs which products to scale in which markets across our footprint, acknowledging the diversity of markets in the United States. Acreage brands all hold the same consumer promise: that we will deliver the best possible cannabis products across all price points.

Acreage or the entities with which it has management or consulting services or other agreements to assist in operations have licenses to operate processing and manufacturing facilities in 14 states, of which 10 are currently operating. In most states, Acreage's processing facilities are co-located with its cultivation facilities. Depending on the state, these manufacturing and processing facilities primarily produce our developed "House of Brands" products under the brand names *The Botanist, Prime, Natural Wonder,* and *Live Resin Project*, as well as licensed brands such as Canopy Growth's *Tweed*. We use or plan to use a variety of extraction methods ranging from CO2 to butane to ethanol depending on the product requirements.

Wholesale

In addition to sales through our dispensaries, we have adopted a strategy of selling our flower and branded products in states with cultivation and processing operations and where allowable by law. We and our contractual affiliates sell branded products to licensed cannabis dispensaries in 11 states. We view wholesale operations as a crucial business strategy for both cash flow generation and distribution of our developed brands for long-term brand building success. We believe our footprint affords us a competitive advantage to building long-term brand equity. We plan to increase wholesale revenue in states where we currently wholesale products and also to begin wholesale operations in new states where allowable by law.

Operations Summary Chart By Entity

State	Entity	Adult-Use / Medicinal	Dispensary Licenses	Cultivation / Processing / Distribution Licenses	Operational Dispensaries	Operational Cultivation / Processing Facilities
California[3,4]	CWG Botanicals, Inc.[2,5]	Adult-Use / Medicinal	—	3	—	1
	Kanna, Inc.	Adult-Use / Medicinal	1	—	—	—
	Gravenstein Foods LLC	Adult-Use / Medicinal	—	1	—	—
Connecticut	D&B Wellness, LLC	Medicinal	1	—	1	—
	Prime Wellness of Connecticut, LLC	Medicinal	1	—	1	—
	Thames Valley Apothecary, LLC	Medicinal	1	—	1	—
Florida	Acreage Florida, Inc.	Medicinal	40	2	1	2
Illinois	In Grown Farms LLC 2	Adult-Use / Medicinal	—	1	—	1
	NCC LLC	Adult-Use / Medicinal	1	—	1	—
Maine	Wellness Connection of Maine[2]	Medicinal	4	1	4	1
Massachusetts	The Botanist, Inc.	Medicinal	3	1	1	1
Michigan[1]	N/A	Medicinal	—	—	—	—
New Hampshire[2]	Prime Alternative Treatment Centers of NH, Inc.	Medicinal	1	1	1	1
New Jersey	Compassionate Care Foundation, Inc.[2]	Medicinal	3	1	2	1
New York	NYCANNA, LLC (d/b/a The Botanist)	Medicinal	4	1	4	1
Ohio	Greenleaf Apothecaries, LLC[2]	Medicinal	5	—	5	—
	Greenleaf Therapeutics, LLC[2]	Medicinal	—	1	—	—
	Greenleaf Gardens, LLC[2]	Medicinal	—	1	—	—
Oklahoma	Acreage OK Holdings, LLC[2]	Medicinal	—	2	—	—
	Acreage Relief Holdings OK, LLC[2]	Medicinal	1	—	—	—
Oregon	HSCP Oregon, LLC	Adult-Use	2	1	2	1
	22nd & Burn, Inc.	Adult-Use	1	—	1	—
	The Firestation 23, Inc.	Adult-Use	1	—	1	—
	East 11th, Inc.	Adult-Use	1	—	1	—
	Gesundheit Foods LLC[7]	Adult-Use	—	2	—	—
Pennsylvania	Prime Wellness of Pennsylvania, LLC	Medicinal	—	1	—	1
		Total	71	20	27	11

(1) Michigan licenses are in the process of being granted by the state, Acreage has a relationship in the state to develop our footprint there.

(2) Acreage provides goods and/or services including but not limited to financing, management, consulting and/or administrative services with these license holders to assist in the operations of their cannabis businesses.

(3) Separate grow/process licenses.

(4) A distribution license has been issued in this U.S. state.

(5) Acreage has entered into an agreement to acquire CWG. The acquisition remains subject to regulatory approval.

Marketing and Brand Development

Acreage employs full-time, in-house marketing, sales, and product development functions. These functions engage in a range of marketing activities and strategies, including market research, consumer insights research, new brand development, wholesale and retail sales strategies, and other local, state, and national marketing and advertising activities.

Acreage employs a 'House of Brands' approach to target specific consumer needs. Diverging consumption methods requires unique brands to fulfill differentiated value propositions in categories such as edibles, beverages, topicals and concentrates. Our brand development strategy includes in-house organic development which we supplement by acquiring specific brands where we see opportunities to add value. Acreage sells its developed, acquired, and licensed branded products in eight states, with plans to significantly increase distribution and form factors to more states and the number of brands in 2020.

Acreage's portfolio of product brands includes the following:

The Botanist

The Botanist is a health & wellness brand that encompasses most major form factors (flower, pre-rolls, vape carts, tinctures, capsules, balms) that deliver specific effects. The Botanist incorporates high-quality, pesticide-free cannabis as well as botanicals and herbal ingredients that are used in ayurvedic and homeopathic traditions. By carefully curating sources and production without unnecessary additives, *The Botanist* delivers real flavor from natural ingredients, easy to understand products, and consistent, repeatable effects sought after by both new and experienced consumers.

Natural Wonder

Natural Wonder celebrates the outdoors with products that offer a high degree of control, helping consumers choose their adventure. The breath sprays, quick dissolve mints, and thin strips in the *Natural Wonder* roadmap offer accurately dosed, discreet, convenient ways to incorporate cannabis into an active lifestyle.

Live Resin Project

Live Resin Project is a specialist brand of cannabis concentrates, extracted fresh from plants at the height of their maturity. Live resin extraction is a production process created by the folks on the Acreage 'Green Team' and the result of this process is simply the most flavorful, aromatic cannabis experience available on the market today. Traditional concentrates like budder, wax, and shatter are joined by *Live Resin Project* vape carts - welcoming an entire new level of access to this connoisseur category.

Prime

Prime is a medical cannabis brand available in a wide range of convenient, proven form factors that are accurately dosed for predictable, repeatable effects. *Prime's* high-quality products are distributed in 100% of Pennsylvania's medical dispensaries, one of the largest medical cannabis markets in the country.

Superflux

Superflux embraces cannabis as a catalyst for creativity, culture, and connection. Innovative products like infused pre-rolls and ultra-pure concentrates deliver incredible flavor and experience for the adult-use consumer. We are in the process of rolling out *Superflux* products as of the date of this report.

Squares

Squares is a value brand that offers cannabis that's fair and square - honest, straightforward, and unpretentious. Rooted in how real people enjoy cannabis, Squares is weed for your circle.

Tweed

Tweed is the world's favorite cannabis brand, one of our flagship brands in the United States and for Canopy Growth globally. *Tweed* allows consumers to find their fit, offering an easy to understand product architecture that spells out flavor and effect across the portfolio. *Tweed* believes in being a good neighbor to the communities we serve, including providing responsible access to quality cannabis throughout our network.

Competition

The cannabis industry is highly competitive. We compete on quality, price, brand recognition, and distribution strength. Our cannabis products compete with other products for consumer purchases, as well as shelf space in retail dispensaries and wholesaler attention. We compete with thousands of cannabis producing companies from small "mom and pop" operations to multi-billion-dollar market cap multi-state operators. Our principal multi-state operator competitors include but is not limited to Curaleaf Holdings, Inc., Harvest Health & Recreation, Inc., iAnthus Capital Holdings, Inc., Green Thumb Industries Inc. and Cresco Labs Inc.

Sources and Availability of Production Materials

The principal components in the production of our cannabis consumer packaged goods include cannabis grown internally or acquired through wholesale channels, other agricultural products, and packaging materials (including glass, plastic and cardboard).

Due to the U.S. federal prohibition on cannabis, Acreage must source cannabis within each individual state in which it operates. While there are opportunities for centralized sourcing of some packaging materials, given each state's unique regulatory requirements, multi-state operators do not currently have access to nationwide packaging solutions.

Government Regulation

Cannabis companies operate in a highly regulated industry. We are subject to the laws and regulations in the states and localities in which we operate, and such laws vary by state and locality. Where we produce products, we are subject to environmental laws and regulations, and may be required to obtain additional permits and licenses to operate our facilities. Where we market and sell products, we may be subject to laws and regulations on brand registration, packaging and labeling, distribution methods and relationships, pricing and price changes, sales promotions, advertising and public relations. We are also subject to rules and regulations relating to changes in officers or directors, ownership or control.

We comply in all material respects with all applicable governmental laws and regulations in the states in which we operate (including the applicable licensing requirements), with the exception of the U.S. federal prohibition of cannabis. We believe that the cost of administration and compliance with, and liability under, such laws and regulations does not have, and is not expected to have, a material adverse impact on our financial condition, results of operations or cash flows.

Seasonality

In certain regions, especially on the West Coast, the cannabis industry can be subject to seasonality in some states that allow home grow. Because homegrown plants are typically harvested in the late summer or early fall, there can be some deceleration in retail and wholesale sales trends during these months as these private supplies are consumed.

Intellectual Property

As discussed above, we have developed a "House of Brands" that we believe will be valued consumer brands and a key pillar of our business strategy. Accordingly, we protect our brands and trademarks to the extent permissible under applicable law. We have applied for trademarks with the United States Patent and Trademark Office which we believe are protectable under U.S. federal law and have applied for and received trademark protection at the state level. We have also submitted trademark applications in the European Union and Canada.

We hold no patents. We also do not have any patents pending.

Emerging Growth Company

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For as long as we continue to be an emerging growth company, we may choose to avail ourselves of exemptions from various requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards. As a result, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Circumstances could cause us to lose emerging growth company status. We will qualify as an emerging growth company until the earliest of:

- The last day of our first fiscal year during which we have total annual gross revenues of $1 billion or more;
- The last day of our fiscal year following the fifth anniversary of the date of our initial public offering;
- The date on which we have issued more than $1 billion in non-convertible debt during the prior three-year period; or
- The date on which we qualify as a "large accelerated filer" under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (qualifying as a large accelerated filer means, among other things, having a public float in excess of $700 million).

Employees

As of the end of December 2019, we had approximately 676 employees.

Acquisitions

As part of our strategy to deliver on our vision and mission, we may from time to time acquire entities or licenses to increase our existing presence in states where we or businesses with which we have agreements already operate or to expand our footprint into new states. The consideration we issue in connection with such acquisitions may include cash, equity in Acreage or High Street, notes payable or a mix of these forms of consideration. The following transactions were completed or entered into in 2019:

Form Factory

On April 17, 2019, we completed the acquisition of Form Factory, a manufacturing for hire platform combined with a science-based cannabis research and development operation. Form Factory's senior management is comprised of long-time food packaging industry experts and has developed a replicable turn-key operation with the capabilities to create any cannabis form factor. Form Factory currently has operations in California and Oregon, and has an agreement with an entity in Washington, which has a new facility under construction as of the date of this report.

Kanna, Inc. ("Kanna")

On June 30, 2019, we completed the acquisition of Kanna, which holds a license to open an adult-use dispensary in Oakland, CA. Oakland has a population of approximately 500,000 and has limited dispensary licenses to just 16. The dispensary will operate under our *The Botanist* brand and is expected to be a showcase dispensary for Acreage in Northern California for our leading portfolio of developed and licensed brands such as *Live Resin Project, The Botanist,* and *Tweed.*

Acreage Florida, Inc. ("Acreage Florida")

On January 4, 2019, we acquired Acreage Florida, formerly known as Nature's Way Nursery of Miami, Inc. Acreage Florida has a vertically integrated cannabis license in Florida, which allows for growing, processing, and retail dispensary operations. A 100,000 square foot cultivation and processing facility is currently under construction in Sanderson, Florida. We opened our first dispensary in Springhill, Florida on March 9, 2020.

NCC LLC ("NCC")

NCC operates a medical and adult-use dispensary in Rolling Meadows, Illinois, under the name Nature's Care Company. With the recent passage of adult-use for marijuana in Illinois, NCC has the right to operate, subject to Illinois and local law, an additional dispensary. Acreage has commenced the process to open an adult-use dispensary in the Chicago, which will showcase Acreage's industry-leading portfolio of developed and licensed brands such as *Live Resin Project, The Botanist*, and *Tweed*.

Thames Valley Apothecary, LLC ("Thames Valley")

Thames Valley operates a medical dispensary in Uncasville, Connecticut, under the name Thames Valley Relief. With the addition of Thames Valley, Acreage now operates three of the 16 dispensaries in Connecticut, according to publicly available information.

We entered into the following pending acquisitions in 2019:

Compassionate Care Foundation, Inc. ("CCF")

CCF is a vertically integrated medical cannabis operator in New Jersey with licenses to conduct growing, processing, wholesale, and dispensary operations. On November 15, 2019, we entered into an agreement to acquire CCF. The closing of the transaction remains subject to state approval. CCF operates a medicinal cultivation and processing facility and medicinal dispensaries in Egg Harbor and Atlantic City. A third dispensary is planned to be constructed in Monroe.

Canopy Growth Corporation Arrangement

On June 19, 2019, the shareholders of the Company and of Canopy Growth Corporation ("Canopy Growth") separately approved the arrangement between the two companies, and on June 21, 2019, the Supreme Court of British Columbia granted a final order approving the arrangement. Effective June 27, 2019, the Articles of the Company were amended to provide Canopy Growth with the option (the "Canopy Growth Call Option") to acquire all of the issued and outstanding shares of the Company (each, an "Acreage Share"), 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"). Holders of Acreage Shares and certain securities convertible or exchangeable into Class A subordinate voting shares of Acreage (the "Subordinate Voting Shares") as of the close of business on June 26, 2019, received approximately $2.63 per share, being their pro rata portion (on an as converted to Subordinate Voting Share basis) of US$300,000,000 (the "Option Premium") paid by Canopy Growth to such persons as consideration for granting the Canopy Growth Call Option. The Option Premium was distributed to such holders of record on or before July 3, 2019.

Upon the occurrence of the Triggering Event, Canopy Growth is required to exercise the Canopy Growth Call Option and, subject to the satisfaction or waiver of the conditions to closing set out in the Arrangement Agreement, acquire each of the Subordinate Voting Shares of Acreage (following the automatic conversion of the Class B proportionate voting shares and Class C multiple voting shares of Acreage into Subordinate Voting Shares) for the payment of 0.5818 of a Canopy Growth Share per Subordinate Voting Share (subject to adjustment in accordance with the terms of the Arrangement Agreement) (the "Exchange Ratio").

The Company will be permitted to issue up to an additional 58 million Subordinate Voting Shares (of which approximately 51 million remained available for issuance at December 31, 2019) without any adjustment being required to the Exchange Ratio. The Exchange Ratio is subject to adjustment in the circumstances set out in the Arrangement Agreement.

Company Information

Our website is http://www.acreageholdings.com. Our filings with the Securities and Exchange Commission ("SEC"), including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are accessible free of charge at http://investors.acreageholdings.com/docs as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, such as ourselves, that file electronically with the SEC. The Internet address of the SEC's site is http://www.sec.gov.

We also have adopted a Code of Conduct that applies to all employees, directors and officers. A copy of the Code of Conduct is available without charge to any person desiring a copy of the Code of Conduct. You may request a copy of the Code of Conduct by submitting written request to us at our principal offices at 366 Madison Avenue, 11th Floor, New York, New York 10017.

Our Board Mandate and the Charters of the Board's Audit Committee and Compensation and Corporate Governance Committee (which serves as the Board's compensation and nominating committee) are available on our website. All materials are accessible on our website at investors.acreageholdings.com. Amendments to, and waivers granted to our directors and executive officers under our code of conduct or charters, if any, will be posted in this area of our website. Copies of these materials are available in print to any shareholder who requests them. Shareholders should direct such requests in writing to Investor Relations Department, Acreage Holdings, Inc., 366 Madison Avenue, 11th Floor, New York, New York 10017, or by emailing our Investor Relations team at investors@acreageholdings.com.

The information regarding our website and its content is for your convenience only. The content of our website is not deemed to be incorporated by reference in this report or filed with the SEC.

Information about Our Executive Officers

The following are the Executive Officers of our Company (as of the date of this filing):

Kevin P. Murphy, Chairman and Chief Executive Officer (age 58): Kevin P. Murphy is currently the Chair and Chief Executive Officer of the Company and has served in such capacities since November 2018. Prior to serving in this role, Mr. Murphy served as Founder and Chief Executive Officer of High Street. Prior to his role at High Street, 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.

Robert J. Daino, Chief Operating Officer (age 56): Robert Daino is currently the Chief Operating Officer of the Company. He joined the company in 2018, bringing with him a proven track record of success in driving an entrepreneurial spirit into newly created and established organizations, resulting in significant growth for both. Prior to joining the Company in June 2018, Mr. Daino was an investor, advisor and eventually the CEO of cannabis operator Terradiol. Before that, Mr. Daino was President and Chief Executive Officer of WCNY Public Media, a New York area public media company through his vision, technological and innovative leadership launched Centralcast LLC, a groundbreaking model for public media delivering content to nearly 50% of the PBS viewing audience across the United States. Mr. Daino was also the President and Chief Executive Officer of PROMERGENT, where he built a highly successful and profitable software business that served top-tier clients including the U.S. Navy, Federal Aviation Administration, and Lockheed Martin. From 1982 to 1995, Mr. Daino held a host of technical and senior management roles across General Electric, Martin Marietta, and Lockheed Martin in which he led change, growth, and top company performance.

Glen S. Leibowitz, Chief Financial Officer (age 50): Glen Leibowitz is currently the Chief Financial Officer of the Company and has served in that role since March 2018. Prior to joining the Company, 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.

James A. Doherty, General Counsel & Secretary (age 41): James A. Doherty, III is currently the General Counsel & Secretary of the Company and has served in that role since November 2017. Prior to joining the Company, Mr. Doherty was an attorney at Scanlon, Howley & Doherty, P.C. While at Scanlon, Howley & Doherty, Mr. Doherty represented a variety of clients in the highly regulated gaming and casino industry before both courts of competent jurisdiction and 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 Law Center.

Regulatory Framework

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) - *Issuers with U.S. Marijuana-Related Activities* ("Staff Notice 51-352"), below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently involved, through High Street , in the cannabis industry. High Street is, through its subsidiaries, engaged in, or has management, consulting services or other agreements in place with license holders to assist in the manufacture, possession, sale or distribution of cannabis in the adult-use or medical cannabis marketplace in California, Connecticut, Florida, Illinois, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Oregon and Pennsylvania. In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, 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 the Company's license, business activities or operations will be promptly disclosed by the Company .

United States Federal Overview

The United States federal government regulates drugs through the *Controlled Substances Act* (21 U.S.C. § 811) (the "CSA") which schedules controlled substances, including cannabis, based on their approved medical use and potential for abuse. Cannabis is classified as a Schedule I controlled substance. The U.S. Department of Justice (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 (the "FDA") has not approved cannabis as a safe and effective drug for any condition . The FDA has approved CBD, a component of cannabis, for a narrow segment of medical conditions.

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 CSA, which makes cannabis distribution and possession federally illegal. Although certain states and territories of the U.S. authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under any and all circumstances under the CSA. Although the Company's activities are believed to be compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

As of the date of this Annual Report on Form 10-K, 33 U.S. states, and the District of Columbia and the territories of Guam, Puerto Rico, the U.S. Virgin Islands, and the Northern Mariana Islands have legalized the cultivation and sale of full-strength cannabis for medical purposes. In 11 U.S. states, the sale and possession of cannabis is legal for both medical and adult-use, and the District of Columbia has legalized adult-use but not commercial sale. Thirteen states have also enacted low-THC / high-cannabidiol ("CBD") only laws for medical cannabis patients.

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. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis, a non-exhaustive list of which was enumerated therein.

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. As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of State-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active U.S. federal prosecutors will be in relation to such activities.

The Company believes it is still unclear what prosecutorial effects will be created by the rescission of the Cole Memorandum. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale enforcement operation would more than likely create unwanted political backlash for the DOJ and the Trump administration. Regardless, cannabis remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission has altered that fact. The federal government of the United States has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis, even if state law sanctioned such sale and disbursement. The Company believes, from a purely legal perspective, that the criminal risk today remains similar to the risk on January 3, 2018. It remains unclear whether the risk of enforcement has been altered. Additionally, under United States federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance. Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly

those that are federally chartered in the United States, could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. While Congress is considering legislation that may address these issues, there can be no assurance that such legislation passes.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and 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. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories - cannabis limited, cannabis priority, and cannabis terminated - based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day that the FinCEN Memorandum was published, the DOJ issued a memorandum (the "2014 Cole Memorandum") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The 2014 Cole Memorandum has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memorandum has not 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. Though it was originally intended for the 2014 Cole Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum is a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress adopted a so-called "rider" provision to the fiscal years 2015, 2016, 2017, and 2018, 2019 and 2020 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 consolidated appropriations bill signed into legislation by President Trump in December 2019 and will remain in effect until September 30, 2020. In signing the Rohrabacher/Blumenauer Amendment, President Trump issued a signing statement noting that the Rohrabacher/Blumenauer Amendment "provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories," and further stating "I will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States." While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of medical marijuana, the president did issue a similar signing statement in 2017 and no major federal enforcement actions followed. At such time, it may or may not be included in the omnibus appropriations package or a continuing budget resolution once the current continuing resolution expires .

Despite the legal, regulatory, and political obstacles the cannabis industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

Given current political trends, however, these developments are considered unlikely in the near-term. As an industry best practice, despite the recent rescission of the Cole Memorandum, the Company abides by the following to ensure compliance with the guidance provided by the Cole Memorandum:

- ensure that its operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
- ensure that its cannabis related activities adhere to the scope of the licensing obtained (for example: in the states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);
- implement policies and procedures to ensure that cannabis products are not distributed to minors;
- implement policies and procedures in place to ensure that funds are not distributed to criminal enterprises, gangs or cartels;

- implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or cross any state lines in general;
- ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, and is not engaged in any other illegal activity, or any activities that are contrary to any applicable anti-money laundering statutes; and
- ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Company may (and frequently does) conduct background checks to ensure that the principals and management of its operating subsidiaries are of good character, and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis. The Company will also conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation. See "*Risk Factors*."

The Cole Memorandum and the Rohrabacher/Blumenauer Amendment gave medical 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 United States. U.S. Attorney General Jeff Sessions resigned on November 7, 2018. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated "I do not intend to go after parties who have complied with state law in reliance on the Cole Memo." Nonetheless, 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 CSA with respect to 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 U.S. federal law.

Despite the expanding market for legal cannabis, traditional sources of financing, including bank lending or private equity capital, are lacking which 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 unless and until the federal government legalizes cannabis cultivation and sales.

Pursuant to Staff Notice 51-352, 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, such as this Annual Report on Form 10-K. 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 Annual Report on Form 10-K 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	Annual Report Cross Reference

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Annual Report Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the Company'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.	*"Description of the Business"* *"Regulatory Overview"*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*"Regulatory Overview - United States Federal Overview"* *"Risk Factors - Risks Related to the United States Regulatory System - The Company's business activities, while compliant with applicable state and local U.S. law, are illegal under U.S. federal law"*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the Company conducts U.S. marijuana-related activities.	*"Regulatory Overview - United States Federal Overview"* *"Risk Factors - Risks Related to Regulatory Matters - The Company's Business Activities are Illegal under U.S. Federal Law"* *"Risk Factors - Risks Related to Regulatory Matters - U.S. State Regulatory Uncertainty"*
	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 Company's ability to operate in the U.S.	*"Risk Factors - Risks Related to Regulatory Matters - The Company's Business Activities are Illegal under U.S. Federal Law"* *"Risk Factors - Risks Generally Related to the Company - Service Providers"*
	Given the illegality of marijuana under U.S. federal law, discuss the Company's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	*"Risk Factors - Risks Generally Related to the Company - Ability to Access Public and Private Capital"*
	Quantify the Company's balance sheet and operating statement exposure to U.S. marijuana-related activities.	*At the date of this Annual Report on Form 10-K, 100% of the Company's operations are 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.	*The Company and its subsidiaries have obtained legal advice regarding (a) compliance with applicable state regulatory frameworks, and (b) potential exposure and implications arising from U.S. federal law.*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Annual Report Cross Reference
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company operates and confirm how the Company complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*"Description of the Business"* *"Regulatory Overview - State-Level Overview & Compliance Summary"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - California"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Connecticut"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Florida"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Illinois"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Maine"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Massachusetts"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Michigan"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - New Hampshire"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - New Jersey"*
		"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - New York" *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Ohio"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Oklahoma"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Oregon"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Pennsylvania"*
	Discuss the Company'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 Company 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 Company's license, business activities or operations.	*"Regulatory Overview - State-Level Overview & Compliance Summary"*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Annual Report Cross Reference
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company's investee(s) operate.	*"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - California"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Maine"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Massachusetts"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - New Jersey"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Ohio"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Oklahoma"*
	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 Company is aware, that may have an impact on the investee's license, business activities or operations.	*"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - California"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Maine"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Massachusetts"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - New Jersey"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Ohio"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Oklahoma"*
U.S. Marijuana 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.	*"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Maine"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Massachusetts"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - New Jersey"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Ohio"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Oklahoma""*

In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess the foregoing 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 Company, 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 a material impact on any subsidiary's licenses, business activities or operations will be promptly disclosed by the Company.

The following chart sets out, for each of the subsidiaries and other entities through which the Company conducts its operations, the U.S. state(s) in which it operates, the nature of its operations (adult-use/medicinal), whether such activities carried on are

direct, indirect or ancillary in nature (as such terms are defined in Staff Notice 51-352), the number of sales, cultivation and other licenses held by such entity and whether such entity has any operational cultivation or processing facilities.

State	Entity	Adult-Use / Medicinal	Direct / Indirect / Ancillary	Dispensary Licenses	Cultivation / Processing / Distribution Licenses	Operational Dispensaries	Operational Cultivation / Processing Facilities
California	CWG Botanicals, Inc.[2, 3, 5]	Adult-Use / Medicinal	Ancillary	—	3	—	1
	Kanna, Inc.	Adult-Use / Medicinal	Direct	1	—	—	—
	Gravenstein Foods LLC[4]	Adult-Use / Medicinal	Direct	—	1	—	—
Connecticut	D&B Wellness, LLC	Medicinal	Direct	1	—	1	—
	Prime Wellness of Connecticut, LLC	Medicinal	Direct	1	—	1	—
	Thames Valley Apothecary, LLC	Medicinal	Direct	1	—	1	—
Florida	Acreage Florida, Inc.	Medicinal	Direct	40	2	1	1
Illinois	In Grown Farms LLC 2	Adult-Use / Medicinal	Direct	—	1	—	1
	NCC LLC	Adult-Use / Medicinal	Direct	1	—	1	—
Maine	Wellness Connection of Maine[2]	Medicinal	Ancillary	4	1	4	1
Massachusetts	The Botanist, Inc.	Medicinal	Direct	3	1	1	1
Michigan	N/A	Medicinal	Direct	—	—	—	—
New Hampshire[2]	Prime Alternative Treatment Centers of NH, Inc.	Medicinal	Ancillary	1	1	1	1
New Jersey	Compassionate Care Foundation, Inc.[2]	Medicinal	Ancillary	3	1	2	1
New York	NYCANNA, LLC	Medicinal	Direct	4	1	4	1
Ohio	Greenleaf Apothecaries, LLC[2]	Medicinal	Ancillary	5	—	5	—
	Greenleaf Therapeutics, LLC[2]	Medicinal	Ancillary	—	1	—	—
	Greenleaf Gardens, LLC[2]	Medicinal	Ancillary	—	1	—	—
Oklahoma	Acreage OK Holdings, LLC[2]	Medicinal	Ancillary	—	2	—	—
	Acreage Relief Holdings OK, LLC[2]	Medicinal	Ancillary	1	—	—	—

State	Entity	Adult-Use / Medicinal	Direct / Indirect / Ancillary	Dispensary Licenses	Cultivation / Processing / Distribution Licenses	Operational Dispensaries	Operational Cultivation / Processing Facilities
	High Street Oregon, LLC	Adult-Use	Direct	2	1	2	1
	22nd & Burn, Inc.	Adult-Use	Direct	1	—	1	—
	The Firestation 23, Inc.	Adult-Use	Direct	1	—	1	—
	East 11th, Inc.	Adult-Use	Direct	1	—	1	—
Oregon	Gesundheit Foods LLC[4]	Adult-Use	Direct	0	2	0	1
Pennsylvania	Prime Wellness of Pennsylvania, LLC	Medicinal	Direct	0	1	0	1

Notes:

(1) Michigan licenses are in the process of being granted by the state and municipalities - Acreage has a pending relationship in the state to develop our footprint there .
(2) Acreage provides goods and/or services including but not limited to financing, management, consulting and/or administrative services with these license holders to assist in the operations of their cannabis businesses.
(3) Separate grow/process licenses.
(4) A distribution license has been issued in this U.S. state.
(5) Acreage has entered into an agreement to acquire CWG. The acquisition remains subject to regulatory approval.

The above-noted licenses have been entered into in the ordinary course of business. The Company is not substantially dependent on any one such license and, as such, does not consider such licenses as material contracts.

State-Level Overview & Compliance Summary

While the Company and High Street are in compliance with the rules, regulations and license requirements governing each state in which the subsidiaries and contractual parties operate, there are significant risks associated with their business and the business of the subsidiaries and contractual parties. 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 and license renewal processes are unique to each state. However, each state's 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 High Street and its subsidiaries, High Street and its subsidiaries utilize a third-party enterprise compliance platform, which facilitates a regulatory document control workflow for each state and can

issue alerts for time sensitive information requests for events such as license renewal or 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 can track all required licensing maintenance criteria, which includes countdown features and automatically generated reminders for initiating renewals and required reporting. Though the Company and High Street strive to comply with all aspects of the required state regulations, they believe 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.

Acreage monitors the applicable rules and regulations of each state in which it has, indirectly through its subsidiaries, licenses, permits, or operations. Acreage 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 enhances its compliance program through subscription to a web-based service that provides access to cannabis-related state, county, municipal and federal rules and regulations which organizes the laws into distinct categories (such as taxation, zoning, application and licensing, and packaging and labeling) and sorts them by license type (such as cultivation, dispensary and testing). Acreage will also monitor any action taken by its subsidiaries in response to a change of governing regulations or suggestions from regulators.

Acreage's legal compliance team continually monitors and reviews correspondence and changes to, and updates of, rules or regulatory policies impacting Acreage and the operation of the businesses carried on by its subsidiaries in each U.S. state in which it has operations. Acreage has employed an experienced team of legal and compliance professionals with expertise in regulatory and corporate compliance to oversee its activities. The team led by the Company's General Counsel, includes a former Assistant U.S. Attorney; a former SEC enforcement attorney and experienced compliance professional; and three experienced corporate attorneys and one paralegal. Acreage has a Director of Operational Compliance who oversees a team that focuses on state-by-state operational compliance issues. Acreage's legal compliance team has implemented internal policies and procedures at corporate and subsidiary levels designed to mitigate any lapses in its overall infrastructure and facilitate compliance with relevant laws and regulations. Acreage strives to ensure its overall operations are in compliance with U.S. state law and the related licensing framework (see "*Regulatory Framework - The Regulatory Landscape on a U.S. State Level*). Marijuana remains a Schedule I controlled substance in the U.S. and therefore federally illegal. Acreage has not received any non-compliance citations or notices of violation which may have a material impact on its licenses, business activities or operations.

Acreage is classified as having a "direct," "indirect" and "ancillary" involvement in the United States cannabis industry and it, each of its subsidiaries and, to the best of its knowledge, each entity through which it has ancillary involvement in the United States cannabis industry, is in compliance with applicable United States state law and related licensing requirements and the regulatory framework enacted by each of the states in which it has operations. The Company is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory frameworks which may have a material impact on its licenses, business activities or operations. The Company uses reasonable commercial efforts to ensure that its business is in compliance with applicable licensing requirements and the regulatory frameworks enacted by each state, through the advice of its Director of Legal Compliance, and its Director of Compliance, who monitor and review its business practices and changes to U.S. federal and state enforcement priorities and rules. The Company's General Counsel and his legal team work with external legal counsel to ensure that the Company is in on-going compliance with applicable state law. These advisors have provided legal advice to the subsidiaries regarding, among other things, (a) compliance with applicable state regulatory frameworks, and (b) potential exposure and implications arising from U.S. federal law. In addition, the Company has designated individuals with responsibility for overseeing day-to-day compliance at each facility in which the Company maintains operational control.

The Company will continue to use reasonable commercial efforts to ensure it is in compliance with applicable licensing requirements and the regulatory framework enacted in states where it conducts business by continuous review of its licenses and affirmation certifications from management. The Company has engaged state and local regulatory/compliance counsel engaged in jurisdictions in which it operates.

The Company has a commitment to training its personnel on the relevant issues in order to facilitate its overall compliance effort. The Company's training program includes, among other items, the following topics:

- importance of compliance with state and local laws
- dispensing procedures
- patient privacy
- security and safety policies and procedures
- inventory control
- quality control
- cash management and control
- transportation procedures

The Company's training program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from delivery to sale or disposal. Only authorized, properly trained employees are allowed to access the Company's computerized seed- to-sale system. All of the Company's facilities are monitored 24-hours a day, seven days a week. Visitors to the facilities are only permitted in strict accordance with relevant state laws and appropriately monitored and logged in.

The Company's compliance team closely monitors and promptly addresses all compliance notifications from the regulators and inspectors in each market, in an effort to resolve any issues identified on a timely basis. The Company keeps records of all compliance notifications received from the state regulators or inspectors and how and when the issue was resolved.

Further, the Company has created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. The Company maintains records of its inventory at all licensed facilities. Adherence to the Company's standard operating procedures is mandatory and ensures that the Company's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements. The Company ensures adherence to standard operating procedures by regularly conducting internal inspections and is committed to ensuring any issues identified are resolved quickly and thoroughly.

In order to comply with industry best practices, despite the rescission of the Cole Memorandum, the Company continues to do the following to ensure compliance with the guidance provided by the Cole Memorandum:

- Ensure the operations are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, the Company uses its internal Legal Department including its Legal Compliance team and retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of such operations with all applicable regulations;
- The activities relating to cannabis business adhere to the scope of the licensing obtained. For example, in Florida only medical cannabis is permitted and therefore the products are only sold to patients who have the appropriate recommendation in the state registry and have a valid state-issued medical identification card;
- The Company only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subjected to strict regulatory oversight whereby sufficient checks and balances ensure that no revenue is distributed to criminal enterprises, gangs and cartels; and
- The Company conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

The Company will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Company's operations strive to be in compliance with all applicable state laws, regulations and licensing requirements, some of such activities remain illegal under United States federal law. For the reasons described above and the risks further described in Risk Factors below, there are significant risks associated with the business of the Company. See *"Risk Factors"*.

The Regulatory Landscape on a U.S. State Level

California

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.

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 medical and adult-use cannabis activity. These emergency cannabis regulations were officially readopted on June 4, 2018 and came into effect on June 6, 2018. On January 16, 2019, California's three state cannabis licensing authorities announced that the Office of Administrative Law officially approved state regulations for cannabis businesses. The final cannabis regulations took effect immediately and superseded the previous emergency regulations.

California Licenses

Although vertical integration across multiple license types is allowed under the state regulations, it is not required. CWG Botanicals, Inc. ("CWG") holds three licenses in California and has received local approval to operate under such licenses. HSRC NorCal, LLC ("HSRC"), a subsidiary of the Company, has entered into a management or consulting services agreement with CWG but does not own or control CWG at this time. 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. Gravenstein Foods LLC ("Gravenstein"), a subsidiary of Form Factory, holds a temporary manufacturing license. The manufacturing license is denoted as a Type 6 which provides Gravenstein the authorization to manufacture cannabis products using only non-volatile extraction methods. On July 15, 2019, Kanna, Inc. ("Kanna"), a subsidiary of the Company, was awarded an Adult-Use and Medicinal - Retailer Provisional License, which allows Kanna to open a dispensary.

California License Types

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are 12 different license types that cover all commercial activity. License types 1-3 authorize the cultivation of medical and/or adult-use marijuana plants. Type 4 licenses are for nurseries that cultivate and sell clones and "teens" (immature marijuana plants that have established roots but require further vegetation prior to being sent into the flowering period). Type 6 and 7 licenses authorize manufacturers to process marijuana biomass into certain value-added products such as shatter or marijuana distillate oil with the use of volatile or non-volatile solvents, depending on the license type. Type 8 licenses are held by testing facilities who test samples of marijuana products and generate "certificates of analysis," which include important information regarding the potency of products and whether products have passed or failed certain threshold tests for pesticide and microbiological contamination. Type 9 licenses are issued to "non-storefront" retailers, commonly called delivery services, who bring marijuana products directly to customers and patients at their residences or other chosen delivery location. Type 10 licenses are issued to storefront retailers, or dispensaries, which are open to the public and sell marijuana products onsite. Type 11 licenses are known as "Transport-Only" distribution licenses, and they allow the distributor to transport marijuana and marijuana products between licensees, but not to retailers. Type 12 licenses are issued to distributors who move marijuana and marijuana products to all license types, including retailers.

The below table lists the licenses issued to CWG, Gravenstein, and Kanna, Inc.:

Subsidiary	License Number	City	Expiration Date	Description
CWG Botanicals, Inc.	CCL18-0000104	Oakland	4/17/2021	Grow
CWG Botanicals, Inc.	CDPH- 10002775	Oakland	4/24/2021	Manufacturing
CWG Botanicals, Inc.	C11-0000434-LIC	Oakland	6/19/2020	Distribution
Gravenstein Foods LLC	CDPH-10003051	Oakland	5/1/2020(1)	Manufacturing
Kanna, Inc.	C10-0000419-LIC	Oakland	7/14/2020	Retailer

(1) Renewal is in process.

In September 2018, the Governor of California approved the Senate Bill 1459 ("SB-1459"). SB-1459 created a new scheme of provisional licenses for cannabis operators. This provisional licensing scheme was essentially intended to replace the temporary licensing scheme. SB-1459 was necessary because the three main state cannabis licensing agencies - the Bureau of Cannabis Control ("BCC"), California Department of Public Health ("CDPH"), and California Department of Food and Agriculture ("CDFA") - and localities which issue permits to cannabis operators, were all backlogged with numerous applications and couldn't process all of the applications in time for applicants to get operational in 2018. The steps, per SB-1459 to obtain a provisional license are as follows: (1) an applicant must hold or previously have held a temporary license for the same commercial cannabis activity for which it seeks a provisional, and (2) the applicant must submit a completed annual license application and proof that *California Environmental Quality Act* ("CEQA") compliance is underway. Provisional licenses last for 12 months and can be issued through the end of 2019.

Currently CWG holds one provisional license for distribution, one provisional license for manufacturing and one provisional license for cultivation. Gravenstein holds one provisional manufacturing license and is in the process of renewing such license with the CDPH. Kanna holds a provisional license for a dispensary and is in the process of renewing such license with the BCC. CWG, Gravenstein, and Kanna are in the process of filing for annual licenses for their respective licenses CalCannabis is live on Franwell Inc.'s Marijuana Enforcement Tracking Reporting Compliance ("METRC") solution. Those license holders which have a provisional or annual license, must be compliant with METRC 30 days after receiving their licenses. An application for renewal of a cultivation license shall be submitted to the state at least 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 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 the state.

Retail Compliance in California

California requires that certain warnings, images, and content information be printed on all marijuana packaging. BCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer.

Consumers aged 21 and up may purchase marijuana in California from a dispensary with an "adult-use" license. Some localities still only allow medicinal dispensaries. Consumers aged 18 and up with a valid physician's recommendation may purchase marijuana from a medicinal-only dispensary or an adult-use dispensary. Consumers without valid physician's recommendations may not purchase marijuana from a medicinal-only dispensary. All marijuana businesses are prohibited from hiring employees under the age of 21.

California Record-keeping/Reporting

California has selected METRC as the T&T system used to track commercial cannabis activity. CWG uses a third-party platform, QuantumLeap, which feeds 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.

California 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 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 non-manufactured 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.

California 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.

California 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.

California Inspections

All licensees are subject to annual and random inspections of their premises. Cultivators may be inspected by the California Department of Fish and Wildlife, the California Regional Water Quality Control Boards, and the California Department of Food and Agriculture. Manufacturers are subject to inspection by the California Department of Public Health, and Retailers, Distributors, Testing Laboratories, and Delivery services are subject to inspection by the Bureau of Cannabis Control. Inspections can result in notices to correct, or notices of violation, fines, or other disciplinary action by the inspecting agency.

Marijuana Taxes in California

Several types of taxes are imposed in California for adult use sale. As of January 1, 2020, the California Department of Tax and Fee Administration raised the tax rate on wholesale cannabis from 60% to 80%. Cultivators have the choice of being taxed at $9.65, per dry-weight ounce of cannabis flowers or $1.35 per ounce of wet-weight plants. Further, cultivators are required to pay $2.87 per ounce for cannabis leaves. California also imposes an excise tax of 15%. Cities and counties apply their sales tax along with the state’s excise and many cities and counties have also authorized the imposition of special cannabis business taxes which can range from 2% to 10% of gross receipts of the business.

The Company has retained legal counsel and/or other advisors in connection with California’s marijuana regulatory program. The Company has developed standard operating procedures for licenses who are operational.

U.S. Attorney Statements in California

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in California.

Connecticut

Connecticut Legislative History

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 August 2018, the list of qualifying debilitating medical conditions was raised from 22 to 31 adding among other conditions, muscular dystrophy, chronic neuropathic pain and severe rheumatoid arthritis to the list which already included, among others, cancer, HIV/AIDS, Parkinson's disease, and Multiple Sclerosis. In 2019, the list of qualifying conditions was expanded from 31 to 36 adding among other conditions, Tourette syndrome and intractable neuropathic pain that is unresponsive to standard medical treatments. 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 (the "CT DCP") initially approved six dispensary licenses. In January 2016, the CT DCP approved three additional dispensaries and in December 2018 the CT DCP approved nine additional dispensaries bringing the total to 18. Connecticut began accepting written certifications from physicians to qualify patients on October 1, 2012. As of May 24, 2020, there were approximately 41,203 patients certified to obtain cannabis through the CT Program.

Connecticut 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 18 dispensary and four producer/grower licenses. Three of the 18 dispensary licenses have been issued to a subsidiary.

The table below lists the licenses issued to the Company's indirect subsidiaries operating in Connecticut:

Subsidiary	License number	City	Expiration Date	Description
D&B Wellness, LLC	MMDF.0000003	Bethel	5/13/2021	Dispensary Facility
Prime Wellness of Connecticut, LLC	MMDF.0000004	South Windsor	4/10/2021	Dispensary Facility
Thames Valley Apothecary, LLC	MMDF.0000005	Uncasville	4/15/2021	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 Connecticut. 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.

Connecticut 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's license holders, D&B Wellness, LLC, d/b/a Compassionate Care Center of Connecticut, and Prime Wellness of Connecticut, LLC, use a third-party solution, THC BioTrack, to push data to the state in order to meet all reporting requirements. Thames Valley Apothecary, LLC ("Thames Valley") uses Leaf Logix Technology as their third-party solution.

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.

Connecticut 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 and to be kept on file for three years.

Connecticut 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.

Connecticut 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.

Connecticut Inspections

For the purposes of supervision and enforcement of the CT Program, the Connecticut Commissioner of Consumer Protection is authorized to (i) enter, at reasonable times, any place, including a vehicle, in which marijuana is held, dispensed, sold, produced, delivered, transported, manufactured or otherwise disposed of, (ii) inspect within reasonable limits and in a reasonable manner, such place and all pertinent equipment, finished and unfinished material, containers and labeling, and all things in such place, including records, files, financial data, sales data, shipping data, pricing data, employee data, research, papers, processes, controls and facilities, and (iii) inventory any stock of marijuana therein and obtain samples of any marijuana or marijuana product, any labels or containers for marijuana, paraphernalia, and of any finished and unfinished material.

U.S. Attorney Statements in Connecticut

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Connecticut.

Florida

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 prosecution or civil sanctions under Florida law. Amendment 2 also expanded the definition of debilitating diseases to include 12 conditions including HIV/AIDS, Crohn's disease and post-traumatic stress disorder. Amendment 2 became effective on January 3, 2017. Amendment 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.

Florida Licenses

Licenses are issued by the Florida Department of Health ("FDH") and is overseen by the Office of Medical Marijuana Use ("OMMU"). 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 an unlimited number of dispensaries. Each licensee is required to cultivate, process and dispense medical cannabis. The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients. As of May 15, 2020, there were 339,493 patients with an approved medical ID card, 22 approved medical cannabis treatment centers and 246 approved retail dispensing locations . Licensed medical cannabis treatment centers are authorized to cultivate, process and dispense medical cannabis.

On January 4, 2019, High Street completed the acquisition of Acreage Florida, Inc. ("Acreage Florida") for $69 million, with $65 million paid in cash and $4 million paid by the issuance of 198,019 High Street Units, and assumed certain transaction expenses of the sellers. This disclosure supersedes previous disclosure regarding the completion of the acquisition of Acreage Florida. Acreage Florida acquired a cultivation and production facility in Sanderson, Florida, and has secured via lease agreements seven locations to build or remodel dispensaries in Hollywood, Spring Hill, Daytona, Orange Park, North Miami Beach and two locations in Miami. Acreage Florida opened its first dispensary in Spring Hill in March 2020.

Under its license, Acreage Florida is permitted to sell cannabis to those patients who are entered into Florida's electronic medical marijuana use registry by a qualified physician and possess a state-issued medical marijuana identification card. The physician determines patient eligibility as well as the routes of administration (e.g. topical, oral, inhalation) and number of milligrams per day a patient is able to obtain under the program. The physician may order a certification for up to three 70-day supply limits of marijuana, following which the certification expires and a new certification must be issued by a physician. The number of milligrams dispensed, the category of cannabis (either low-THC or medical cannabis) and whether a delivery device such as a vaporizer has been authorized is all recorded in the registry for each patient transaction. On March 18, 2019, Governor Ron DeSantis signed SB 182 into law, repealing the ban on smoking medical cannabis. Patients and their doctors now have greater access to administer medical cannabis and to decide for themselves which mode of administration is best for them. SB 182 also allows patients to receive up to 2.5 ounces of whole flower cannabis every 35 days as recommended by their doctor and requires patients under the age of 18 to have a terminal condition and to get a second opinion from a pediatrician before smoking medical cannabis.

Dispensaries may be located in any location throughout the State of Florida as long as the local government has not issued a prohibition against MMTC dispensaries in their respective municipality. Provided there is not a ban, the Company may locate a dispensary in a site zoned for a pharmacy so long as the location is greater than 500 feet from a public or private elementary, middle, or secondary school.

Florida Reporting Requirements

Florida regulators require MMTCs to 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 OMMU to such data. The tracking system must allow for integration

of other seed-to-sale systems and, at a minimum, include notification of certain events, including when marijuana seeds are planted, when marijuana plants are harvested and destroyed and when cannabis is transported, sold, stolen, diverted, or lost. Each medical marijuana treatment center shall use the seed-to-sale tracking system established by the department or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the department. Additionally, the OMMU also maintains a patient and physician registry and the licensee must comply with all requirements and regulations relative to the provision of required data or proof of key events to said system in order to retain its license. Florida requires all MMTCs to abide by representations made in their original application to the State of Florida. Any changes or expansions must be requested via an amendment or variance process.

Florida Licensing Requirements

Licenses issued by the FDH may be renewed biennially so long as the licensee continues to meet the requirements of the Florida Statute 381.986 and pays a renewal fee. License holders can only own one license within the State of Florida. MMTCs can operate an unlimited number of dispensaries. Applicants must demonstrate (and licensed MMTCs must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture & Consumer Services, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the OMMU, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the OMMU, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the OMMU, the applicant must post a performance bond of up to US$5 million, which may be reduced to US$2 million once the licensee has served 1,000 patients.

Florida Inventory Storage

OMMU regulators require 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 MMTCs 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 OMMU has not chosen a unified system. Therefore, the licensee can choose their own T&T system.

Florida 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 9:00 p.m. and 7:00 a.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.

Florida Transportation

When transporting cannabis to dispensaries or to patients for delivery, a manifest must be prepared and transportation must be done using an approved vehicle. The cannabis must be stored in a separate, locked area of the vehicle and at all times there must be two people in a delivery vehicle. During deliveries, one person must remain with the vehicle. The delivery employees must at all times have identification badges. The manifest for all deliveries must be generated by the State approved tracking software. The manifest must include the following information: (i) departure date and time; (ii) name, address and license number of the originating MMTC; (iii) name and address of the receiving entity; (iv) the quantity, form and delivery device of the cannabis; (v) arrival date and time; (vi) the make, model and license plate of the delivery vehicle; and (vii) the name and signatures of the MMTC delivery employees. These manifests must be kept by the MMTC for inspection for at least three years. During the delivery, a copy of the manifest is also provided to the recipient.

Florida Inspections

The OMMU may conduct announced or unannounced inspections of MMTC's to determine compliance with applicable laws and regulations. The OMMU is to inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The OMMU is to conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

U.S. Attorney Statements in Florida

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Florida.

Illinois

Illinois Legislative history

The Compassionate Use of Medical Cannabis Pilot Program Act (the "IL Medical Act") was signed into law in August 2013 and took effect on January 1, 2014. The IL Medical Act provides medical cannabis access to registered patients who suffer from a list of over 40 medical conditions including epilepsy, cancer, HIV/AIDS, Crohn's disease and post- traumatic stress disorder. As of April 9, 2019, approximately 61,200 patients have been registered under the IL Medical 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 Medical Act will be re-evaluated for future implementation.

On June 25, 2019, Illinois Gov. J.B. Pritzker signed into law the Cannabis Regulation & Tax Act (the "IL Adult Use Act" and, together with the IL Medical Act, the "IL Acts"), which permits persons 21 years of age or older to possess, use, and purchase limited amounts of cannabis for personal use. The IL Adult Use Act went into effect on January 1, 2020.

Illinois Licenses

Oversight and implementation under the Acts 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 Medical 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 Acts relating to the registration and oversight of cultivation centers and the responsibility of the IL DFPR to enforce the provisions of the IL Acts relating to the registration and oversight of dispensing organizations. The IL DPH, IL DA and IL DFPR may enter into inter-governmental agreements, as necessary, to carry out the provisions of the IL Acts.

Illinois has issued a limited amount of dispensary, producer/grower, and processing licenses. As of June 30, 2019, there were 55 licensed dispensaries and 22 licensed cultivators. NCC LLC (d/b/a Nature's Care Company) ("NCC"), an indirect subsidiary of the Company, was awarded both medical and adult use cannabis dispensary licenses and In Grown Farms LLC 2 ("IGF"), an indirect subsidiary of the Company, was awarded both medical and adult-use cultivation licenses.

Under the IL Adult Use Act, medical cannabis operators have the ability to apply for "early approval" for adult use licenses. Medical dispensaries are permitted to apply for one adult use license at its medical dispensary site and one additional early approval license at a secondary site. NCC has applied for a same site adult use license for its Rolling Meadows dispensary and will apply for a secondary site license as well.

The table below lists the licenses issued to the subsidiaries:

Subsidiary	License number	City	Expiration	Description
NCC	DISP.000024	Rolling Meadows	1/22/2021	Medical Cannabis Dispensary Facility
NCC	AUDO.000050	Rolling Meadows	3/31/2021	Registered Adult Use Dispensing Organization
IGF	1503060729	Freeport	3/9/2020	Medical Cannabis Cultivation/ Processing Facility
IGF	1503060729-EA	Freeport	3/21/2021	Early Approval Adult Use Cultivation
IGF	1204-321	Freeport	12/31/2022	Registered Industrial Hemp Processor

Under the IL Medical 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.

Under the IL Adult Use Act, an early approval adult use dispensing license is valid until March 31, 2021. Renewal applications and required fees must be submitted to the IL DFPR 60 days prior to expiration.

Illinois Dispensing Limitations

Dispensing organizations may not dispense more than 2.5 ounces of usable cannabis to qualifying patients, provisional patients, or designated caregivers during a period of 14 days, unless pre-approved by the IL DFPR.

Dispensing limitations for adult-use purchasers are as follows:

- Illinois Residents: 30 grams of flower, 500 mg THC in cannabis infused products, and/or 5 grams of cannabis concentrate.
- Non-Illinois Residents: 15 grams of flower, 250 mg THC in cannabis infused products, and/or 2.5 grams of cannabis concentrate.

Illinois 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.

Licensees are mandated by the IL Acts 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 Acts, 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, must be retained at the dispensary organization for a period of not less than five years.

Illinois Inventory/Storage

The IL Acts have similar requirements regarding inventory tracking and storage. An organization's agent-in-charge has primary oversight of the dispensing organization's cannabis inventory control system. Under the IL Acts, 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 cannabis, (c) the name and registry identification number of the permitted cultivation center agent delivering the cannabis, (d) the name and registry identification number of the dispensing organization agent receiving the 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.

The inventory control system of a cultivator and processing organization must conduct a weekly inventory of cannabis stock, which includes at a minimum, the date of the inventory, a summary of the inventory findings, the name, signature and title of the individuals who conducted the inventory and the agent-in-charge who oversaw the inventory, and the product name and quantity of cannabis plants or cannabis-infused products at the facility. The record of all cannabis sold must include the date of sale, the name of the dispensary facility to which the cannabis was sold and the batch number, product name and quantity of cannabis sold.

In addition, the T&T permits NCC to set up separate sales reports for (i) sales to qualifying patients and (ii) sales to purchasers, and NCC uses such software to generate separate such reports as is required by the IL Adult Use Act.

Storage of cannabis and cannabis product inventory is also regulated by the IL Acts. 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.

Illinois Security

Under the IL Acts, 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 purchasers, registered qualifying patients, designated caregivers, principal officers, and agents conducting business with the dispensing organization. Visitors and persons conducting business with the licensee in limited access areas must always wear identification badges and be escorted by a licensee's agent authorized to enter the restricted access area, and such persons must be pre-approved by the IL DFPR. A visitor's log must be kept on-site and be maintained for five years.

The IL Acts provide that 24-hour video surveillance of both a licensee'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 exterior perimeter, including the storefront, grow facility 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 Acts also require all security equipment to be inspected and tested within regular 30-day intervals.

Illinois Transportation

Prior to transporting any cannabis or cannabis-infused product, a cultivation facility must:

- Complete a shipping manifest using a form prescribed by the IL DA; and
- Securely transmit a copy of the manifest to the dispensary facility that will receive the products and to the IL DA before the close of business the day prior to transport. The manifest must be made available to the Illinois State Police upon request.

The cultivation facility shall maintain all shipping manifests and make them available at the request of the IL DA.

Cannabis products that are being transported shall:

- Only be transported in a locked, safe and secure storage compartment that is part of the motor vehicle transporting the cannabis, or in a locked storage container that has a separate key or combination pad; and
- Not be visible from outside the motor vehicle.

Any motor vehicle transporting cannabis is required travel directly from the cultivation facility to the dispensary facility, or a testing laboratory, and must not make any stops in between except to other dispensary facilities or laboratories, for refueling or in case of an emergency. A cultivation center shall ensure that all delivery times and routes are randomized. A cultivation center shall staff all transport motor vehicles with a minimum of two employees. At least one delivery team member shall remain with the motor vehicle at all times that the motor vehicle contains cannabis. Each delivery team member shall have access to a secure form of communication with personnel at the cultivation center and the ability to contact law enforcement through the 911 emergency system at all times that the motor vehicle contains cannabis. Each delivery team member shall possess his or her department issued identification card at all times when transporting or delivering cannabis and shall produce it for the IL DA or IL DA's authorized representative or law enforcement official upon request.

Illinois Inspections

Dispensing organizations are subject to random and unannounced dispensary inspections and cannabis testing by the IL DFPR and Illinois State Police. The IL DFPR and its authorized representatives may enter any place, including a vehicle, in which cannabis is held, stored, dispensed, sold, produced, delivered, transported, manufactured or disposed of and inspect in a reasonable manner, the place and all pertinent equipment, containers and labeling, and all materials, data and processes, and inventory any stock of cannabis and obtain samples of any cannabis or cannabis product, any labels or containers for cannabis, or paraphernalia.

The IL DFPR may conduct an investigation of an applicant, application, dispensing organization, principal officer, dispensary agent, third party vendor or any other party associated with a dispensing organization for an alleged violation of the IL Acts or to determine qualifications to be granted a registration by the IL DFPR. The IL DFPR may require an applicant or dispensing organization to produce documents, records or any other material pertinent to the investigation of an application or alleged violations of the IL Act.

Cannabis cultivation centers are also subject to random inspections by the IL DA.

Guarantee of Cannabis and Cannabis-Infused Product Variety

The IL Adult Use Act requires that dispensing organizations maintain inventory from any one supplier representing greater than 40% of the dispensing organization's total Inventory. NCC monitors inventory offered for sale on a weekly basis and ensure that no single cultivator's products comprise more than 40% of the inventory offered for sale at NCC. NCC produces a periodic inventory report from BioTrackTHC to determine the inventory percentages of purchases by cultivator.

The IL Adult Use Act further requires that a dispensing organization have a policy to prioritize serving patients and other medical program participants over purchasers.

U.S. Attorney Statements in Illinois

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Illinois. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

Maine

Maine Legislative history

Maine has allowed qualified patients with specific conditions to grow for their own usage and possess limited amounts 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 up to 2.5 oz. of medical grade cannabis 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. In February 2019, MDAFS created the Office of Marijuana Policy ("**OMP**") to oversee all aspects of adult-use marijuana. The OMP is currently in the process of drafting, in concert with their hired cannabis consultants, the rules that will establish govern an adult-use program. Furthermore, a mandatory "opt-in" mechanism allows municipalities to control whether they want retail cannabis establishments in their communities.

Maine Registration Certificates

The Maine Medical Use of Marijuana Program Rules and the enabling statute, the 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 caregiver 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.

Northeast Patient Group d/b/a Wellness Connection of Maine ("WCM"), a contractual party and debtor of the Company, holds four of the eight vertically integrated dispensary certificates of registration.

The table below lists the certificates issued to WCM:

MSA Party	Certificate of Registration	City	Expiration Date	Description
WCM	DSP107	Portland	4/11/2021	Dispensary
WCM	DSP102	South Portland	9/16/2020	Dispensary
WCM	DSP103	Gardiner	12/22/2020	Dispensary
WCM	DSP108	Brewer	6/15/2020	Dispensary
WCM	DSP102	Auburn	9/16/2020	Cultivation

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 Maine.

Maine Record-keeping/Reporting

Maine does not yet have a unified, mandatory T&T system, 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.

Maine Inventory/Storage

All cultivation facilities for medical use are restricted to cultivating in an enclosed, locked facility or area. 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.

Maine 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 facility 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.

Maine Inspections

Registered dispensaries, including all retail and cultivation locations, are subject to inspection at least annually by the MDAFS in accordance with this rule and the statute. Submission of an application for a dispensary registration certificate constitutes permission for entry and inspection of dispensary locations. Failure to cooperate with required inspections may be grounds to revoke the dispensary's registration certificate. During an inspection, the MDAFS may identify violations of this rule, the statute and the dispensary's policies and procedures. The dispensary shall receive written notice of the nature of the violations. The dispensary shall notify the MDAFS in writing with a postmark date within ten business days of the date of the notice of violations and identify the corrective actions taken and the date of the correction.

During an inspection, the MDAFS shall (1) collect soil and plant samples, and samples of products containing marijuana prepared at the dispensary, (2) place the dispensary's registration number on each sample container, (3) label the sample containers with the description and quantity of its content, (4) seal sample containers, and (5) have dispensary and MDAFS staff initial each sample container.

U.S. Attorney Statements in Maine

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Maine. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

Massachusetts

Massachusetts Legislative history

The Massachusetts Medical Use of Marijuana Program (the "MA Program") was formed 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 May 31, 2019, which is the most recent date the MA Program has provided data, approximately 59,000 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-use. The Massachusetts legislature amended the law on December 28, 2016, delaying the date adult-use 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 CCC consists of five commissioners and regulates the Massachusetts Recreational Marijuana Program. Adult-use of cannabis in Massachusetts started in July 2018.

Massachusetts Licenses

Under the MA Program, RMDs 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 and entities operating in Massachusetts with which the Company has a consulting services agreement:

Subsidiary	License Number	City	Expiration Date	Description
The Botanist, Inc.	RMD-905	Sterling	5/17/2020	RMD Cultivation/Processing
The Botanist, Inc.	RMD-905	Worcester	5/17/2020	RMD Dispensary
The Botanist, Inc.	Provisional	Leominster	Not applicable	RMD Dispensary
The Botanist, Inc.	Provisional	Shrewsbury	Not applicable	RMD Dispensary

Effective as of February 13, 2020, South Shore Biopharma, LLC and MA RMD SVCS, LLC, subsidiaries of the Company, entered into termination and separation agreements with PCMV and Health Circle, respectively. SSBP previously entered into a termination and separation agreement with Mass Medi Spa, Inc. Following termination, PCMV and Health Circle still have notes outstanding to the Company for all amounts previously advanced by the Company. As of the date hereof, notes payable of approximately $6 million and $4.3 million remain outstanding for PCMV and Health Circle, respectively.

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 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.

Massachusetts Dispensary Requirements (Medical)

A RMD is to follow its written and approved operation procedures in the operation of its dispensary locations. Operating procedures shall include (i) security measures in compliance with the MA Program; (ii) employee security policies including personal safety and crime prevention techniques; (iii) hours of operation and after-hours contact information; (iv) a price list for marijuana; (v) storage protocols in compliance with state law; (vi) a description of the various strains of marijuana that will be cultivated and

dispensed, and the forms that will be dispensed; (vii) procedures to ensure accurate recordkeeping including inventory protocols; (viii) plans for quality control; (ix) a staffing plan and staffing records; (x) diversion identification and reporting protocols; and (xi) policies and procedures for the handling of cash on RMD premises including storage, collection frequency and transport to financial institutions. The siting of dispensary locations is expressly subject to local/municipal approvals pursuant to state law, and municipalities control the permitting application process that a RMD must comply with. More specifically, a RMD is to comply with all local requirements regarding siting, provided however that if no local requirements exist, a RMD shall not be sited within a radius of 500 feet of a school, daycare center, or any facility in which children commonly congregate. The 500-foot distance under this section is measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed RMD. The MA Program requires that RMDs limit their inventory of seeds, plants, and useable marijuana to reflect the projected needs of registered qualifying patients. A RMD may only dispense to a registered qualifying patient who has a current valid certification.

Massachusetts Record-keeping/Reporting (Medical)

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, Inc., Mass Medi-Spa, Inc., Patient Centric Martha's Vineyard, Ltd. and The Botanist, Inc. use or will 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.

Massachusetts Inventory/Storage (Medical)

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.

Massachusetts Security (Medical)

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.

Massachusetts Transportation (Medical)

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.

Massachusetts CCC Inspections (Medical)

The CCC or its agents may inspect a RMD and affiliated vehicles at any time without prior notice. A RMD shall immediately upon request make available to the CCC information that may be relevant to a CCC inspection, and the CCC may direct a RMD to test marijuana for contaminants. Any violations found will be noted in a deficiency statement that will be provided to the RMD, and the RMD shall thereafter submit a Plan of Correction to the CCC outlining with particularity each deficiency and the timetable and steps to remediate the same. The CCC shall have the authority to suspend or revoke a certificate of registration in accordance with 935 CMR 501.510 of the Regulation of adult-use cannabis in Massachusetts.

Regulation of the Adult Use Cannabis Market in Massachusetts

Adult-use (recreational) marijuana has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The CCC, a regulatory body created in 2018, licenses adult use cultivation, processing and dispensary facilities (collectively, “Marijuana Establishments”) pursuant to 935 CMR 500.000 et seq. The first adult-use marijuana facilities in Massachusetts began operating in November 2018.

Massachusetts Licensing Requirements (Adult-Use)

Many of the same application requirements exist for a Marijuana Establishment license as a RMD application, and each owner, officer or member must undergo background checks and fingerprinting with the CCC. Applicants must submit the location and identification of each site, and must establish a property interest in the same, and the applicant and the local municipality must have entered into a host agreement authorizing the location of the adult-use Marijuana Establishment within the municipality, and said agreement must be included in the application. Applicants must include disclosure of any regulatory actions against it by the Commonwealth of Massachusetts, as well as the civil and criminal history of the applicant and its owners, officers, principals or members. The application must include the RMD applicant’s plans for separating medical and adult-use operations, proposed timeline for achieving operations, liability insurance, business plan, and a detailed summary describing and/or updating or modifying the RMD’s existing medical marijuana operating policies and procedures for adult-use including security, prevention of diversion, storage, transportation, inventory procedures, quality control, dispensing procedures, personnel policies, record keeping, maintenance of financial records and employee training protocols.

No person or entity may own more than 10% or “control” more than three licenses in each Marijuana Establishment class (i.e., marijuana retailer, marijuana cultivator, marijuana product manufacturer). Additionally, there is a 100,000 square foot cultivation canopy for adult-use licenses; however, there is no canopy restriction for RMD license holders relative to their cultivation facility.

Massachusetts Dispensary Requirements (Adult-Use)

Marijuana retailers are subject to certain operational requirements in addition to those imposed on marijuana establishments generally. Dispensaries must immediately inspect patrons’ identification to ensure that everyone who enters is at least twenty-one years of age. Dispensaries may not dispense more than one ounce of marijuana or five grams of marijuana concentrate per transaction. Point-of-sale systems must be approved by the CCC, and retailers must record sales data. Records must be retained and available for auditing by the CCC and Department of Revenue. Dispensaries must also make patient education materials available to patrons. Such materials must include:

- A warning that marijuana has not been analyzed or approved by the FDA, that there is limited information on side effects, that there may be health risks associated with using marijuana, and that it should be kept away from children;

- A warning that when under the influence of marijuana, driving is prohibited by M.G.L. c. 90, § 24, and machinery should not be operated;
- Information to assist in the selection of marijuana, describing the potential differing effects of various strains of marijuana, as well as various forms and routes of administration;
- Materials offered to consumers to enable them to track the strains used and their associated effects;
- Information describing proper dosage and titration for different routes of administration, with an emphasis on using the smallest amount possible to achieve the desired effect;
- A discussion of tolerance, dependence, and withdrawal;
- Facts regarding substance abuse signs and symptoms, as well as referral information for substance abuse treatment programs;
- A statement that consumers may not sell marijuana to any other individual;
- Information regarding penalties for possession or distribution of marijuana in violation of Massachusetts law; and
- Any other information required by the CCC.

Massachusetts Security and Storage Requirements (Adult-Use)

Each marijuana establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the establishment. Security measures taken by the establishments to protect the premises, employees, consumers and general public shall include, but not be limited to, the following:

- Positively identifying individuals seeking access to the premises of the Marijuana Establishment or to whom or marijuana products are being transported pursuant to 935 CMR 500.105(14) to limit access solely to individuals 21 years of age or older;
- Adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by these regulations and its enabling statute are allowed to remain on the premises;
- Disposing of marijuana in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;
- Securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- Establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- Storing all finished marijuana products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;
- Keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of marijuana products securely locked and protected from entry, except for the actual time required to remove or replace marijuana;
- Keeping all locks and security equipment in good working order;
- Prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- Prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- Ensuring that the outside perimeter of the marijuana establishment is sufficiently lit to facilitate surveillance, where applicable;
- Ensuring that all marijuana products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;
- Developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of marijuana, and conduct an assessment to determine whether additional safeguards are necessary;
- Developing sufficient additional safeguards as required by the CCC for marijuana establishments that present special security concerns; and
- Sharing the marijuana establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.
- Marijuana must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including the ability to record footage to be retained for at least 90 days.

Massachusetts Transportation Requirements (Adult-Use)

Marijuana products may only be transported between licensed marijuana establishments by registered marijuana establishment agents. A licensed marijuana transporter may contract with a licensed marijuana establishment to transport that licensee's marijuana products to other licensed establishments. The originating and receiving licensed establishments shall ensure that all transported marijuana products are linked to the seed-to-sale tracking program. For the purposes of tracking, seeds and clones will be properly tracked and labeled in a form and manner determined by the CCC. Any marijuana product that is undeliverable or is refused by the destination marijuana establishment shall be transported back to the originating establishment. All vehicles transporting marijuana products shall be staffed with a minimum of two marijuana establishment agents. At least one agent shall remain with the vehicle at all times that the vehicle contains marijuana or marijuana products. Prior to the products leaving a marijuana establishment for the purpose of transporting marijuana products, the originating marijuana establishment must weigh, inventory, and account for, on video, all marijuana products to be transported. Within eight hours after arrival at the destination marijuana establishment, the destination establishment must re-weigh, re-inventory, and account for, on video, all marijuana products transported. When videotaping the weighing, inventorying, and accounting of marijuana products before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. Marijuana products must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. In the case of an emergency stop during the transportation of marijuana products, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A marijuana establishment or a marijuana transporter transporting marijuana products is required to ensure that all transportation times and routes are randomized. An establishment or transporter transporting marijuana products shall ensure that all transport routes remain within Massachusetts. All vehicles and transportation equipment used in the transportation of cannabis products or edibles requiring temperature control for safety must be designed, maintained, and equipped as necessary to provide adequate temperature control to prevent the cannabis products or edibles from becoming unsafe during transportation, consistent with applicable requirements pursuant to 21 CFR 1.908(c).

Vehicles used for transport must be owned or leased by the marijuana establishment or transporter, and they must be properly registered, inspected, and insured in Massachusetts. Marijuana may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. Each vehicle must have a global positioning system, and any agent transporting marijuana must have access to a secure form of communication with the originating location.

Massachusetts CCC Inspections

The CCC or its agents may inspect a marijuana establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a marijuana establishment, all marijuana establishment agents and activities, and all records are subject to such inspection. Marijuana establishments must immediately upon request make available to the Commission all information that may be relevant to a CCC inspection, or an investigation of any incident or complaint. A marijuana establishment must make all reasonable efforts to facilitate the CCC's inspection, or investigation of any incident or complaint, including the taking of samples, photographs, video or other recordings by the CCC or its agents, and to facilitate the CCC's interviews of marijuana establishment agents. During an inspection, the CCC may direct a Marijuana Establishment to test marijuana for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant-growth regulators, and the presence of pesticides not approved for use on marijuana by the Massachusetts Department of Agricultural Resources.

Moreover, the CCC is authorized to conduct a secret shopper program to ensure compliance with all applicable laws and regulations.

U.S. Attorney Statements in Massachusetts

On July 10, 2018, the U.S. Attorney for the District of Massachusetts, Andrew Lelling, issued a statement regarding the legalization of adult-use marijuana in Massachusetts. Mr. Lelling stated that since he has a constitutional obligation to enforce the laws passed by Congress, he would not immunize the residents of Massachusetts from federal law enforcement. He did state, however, that his office’s resources would be primarily focused on combating the opioid epidemic. He stated that considering those factors and the experiences of other states that have legalized adult-use marijuana, his office’s enforcement efforts would focus on the areas of (i) overproduction, (ii) targeted sales to minors and (iii) organized crime and interstate transportation of drug proceeds.

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Massachusetts. See “*Risk Factors - The Company’s Business Activities are Illegal under U.S. Federal Law*”.

Michigan

Michigan Legislative History

In 2008, the Michigan Compassionate Care Initiative established a medical cannabis program for serious and terminally ill patients. This program, which 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, amended effective January 1, 2019, 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 post-traumatic stress disorder. 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.

On July 3, 2019, the Marijuana Regulatory Agency for Michigan promulgated "Emergency Rules for Adult-Use Marihuana Establishments." On December 1st, 2019, adult-use cannabis sales in commenced.

Michigan Licenses

Blue Tire Holdings, LLC ("BTH") has engaged in discussions with various municipalities in Michigan to secure municipal approval for operating regulated cannabis businesses using these real estate assets and currently holds municipal licenses for dispensary operations 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 to serve as a flagship retail location. Real estate assets have been secured in strategic locations, including Detroit, Bay City and Battle Creek.

BTH is not affiliated with any HSCP entity, but BTH will assist HSCP 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 HSCP's sole direction, BTH will assign any of the real estate assets to HSCP in support of such licensing. HSCP intends to structure its Michigan operations through a consulting agreement structure with an affiliated entity that will obtain the necessary pre-qualification and licenses in Michigan to permit HSCP to assist in the operation of the businesses of such affiliated entity, subject to regulatory requirements, in exchange for fees for providing consulting services. The consulting services agreement will contain such terms and conditions as may be agreed to by HSCP and the relevant affiliated entity.

U.S. Attorney Statements in Michigan

On November 8, 2018, United States Attorneys Matthew Schneider and Andrew Birge for the Eastern and Western Districts of Michigan, respectively, issued a joint statement regarding the legalization of adult-use marijuana in Michigan. They stated that since they had taken oaths to protect and defend the Constitution and the laws of the United States, they would not immunize the residents of Michigan from federal law enforcement. They stated that they would continue to the investigation and prosecution of marijuana crimes as they do with any other crime. They stated they would consider the federal law enforcement priorities set by the DOJ, the seriousness of the crime, the deterrent effect of prosecution, and the cumulative impact of the crime on a community, while also considering their ability to prosecute with limited resources. They stated that combating illegal drugs was just one of many priorities, and that even within the area of drugs, they were focused on combating the opioid epidemic. They stated that they have not focused on prosecution of low-level offenders, which they stated would not change (unless aggravating factors were present). They did state that certain crimes involving marijuana could pose serious risks and harm to a community, including interstate trafficking, involvement of other illegal drugs or activity, persons with criminal records, presence of firearms or violence, criminal enterprises, gangs and cartels, bypassing local laws and regulations, potential for environmental contamination, risks to minors, and cultivation on federal property.

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Michigan. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

New Hampshire

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-medical 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. As of June 2019, approximately 8,302 patients have been registered to purchase medical cannabis products in New Hampshire.

New Hampshire 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.

The table below lists the license issued to Prime Alternative Treatment Centers of NH, Inc. ("PATC"), an entity that has a management services agreement with Prime Alternative Treatment Center Consulting, LLC, a subsidiary of the Company; Prime Alternative Treatment Center Consulting, LLC does not own or control PATC:

MSA Party	License Number	City	Expiration Date	Description
Prime Alternative Treatment Centers of NH, Inc.	ATC-001	Merrimack	6/30/2020	Grow / Manufacturing and Dispensary

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.

New Hampshire 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 system 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.

New Hampshire 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.

New Hampshire 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 Hampshire Transportation

ATCs must create transport manifests for each transportation event, which must include pertinent information including departure date and time, identifying information and license number of the originating ATC, identifying information of the destination entity, product type and quantity, estimated time of arrival and name of employee transporting the product. The originating ATC must transmit a copy of the manifest to the destination entity prior to transport. The manifest must be signed and dated upon departure and arrival.

All cannabis must be tracked as inventory and must be transported in containers so as to not be visible or recognizable from outside the vehicle. The vehicle must not be marked as transporting cannabis nor bear the name of the ATC. Vehicles must not remain unattended at any time.

New Hampshire Inspections

Alternative treatment centers shall be subject to inspection by the NHDH at any time. During an inspection, the department may review the alternative treatment center's records, including its confidential dispensing and data collection records, which shall track transactions and product effectiveness according to qualifying patients' registry identification numbers to protect their confidentiality.

U.S. Attorney Statements in New Hampshire

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in New Hampshire. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

New Jersey

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 non-profit 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.

In February 2019, the NJDH amended the list of debilitating conditions to include opioid use disorder, which had been accepted as petition by the review panel. The NJDH also implemented measures to streamline the enrollment process for patients, allow physicians to opt out of being listed publicly, and have started the permitting process for six new ATCs.

New Jersey 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 April 1, 2019, approximately 44,000 patients were registered and have medical licenses allowing them to purchase cannabis products from an ATC.

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 entered into a convertible bridge loan with CCF pursuant to which Acreage agreed to loan CCF US$2.0 million. In addition, Acreage entered into a revolving line of credit loan agreement with CCF pursuant to which it agreed to provide a US$12.5 million revolving line of credit to CCF (including the initial US$2.0 million loan) in exchange for a 5-year, convertible revolving promissory note, bearing interest at a rate of 18% per annum (the "CCF Revolving Note"). The CCF Revolving Note shall automatically convert into an equity stake in a newly formed entity of Acreage upon enactment of legislative reform in New Jersey to permit the cultivation and sale of cannabis for adult-use purposes or to allow a for-profit entity to dispense medical cannabis. Acreage will acquire 54% of the equity interests in such entity upon conversion of the CCF Revolving Note and will acquire the remaining 46% for $10,000,000 in equity in Acreage or cash.

On November 15, 2019, Acreage and CCF entered into a Reorganization Agreement to effect the transactions agreed to in the loan agreement and CCF Revolving Note. The transaction remains subject to state approval.

The table below lists the permit issued to CCF:

MSA Party	Permit Number	City	Expiration Date	Description
CCF	10042013	Egg Harbor	12/31/2020	Cultivate and Dispense
CCF	10042013	Atlantic City	12/31/2020	Dispense

New Jersey Record-keeping/Reporting

New Jersey does not have a unified T&T system. 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.

New Jersey 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. Through a unified T&T system is not currently in place, an ATC is required to have a T&T system 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 medical 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.

New Jersey 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 notify 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 Jersey Transportation

An ATC that is authorized by permit to cultivate medicinal marijuana at one location and to dispense it at a second location shall transport only usable marijuana from the cultivation site to the dispensing site according to a delivery plan submitted to the Department. Each vehicle must be staffed with at least two registered ATC employees. At least one delivery team member shall

remain with the vehicle at all times that the vehicle contains medicinal marijuana. Each delivery team member shall have access to a secure form of communication with the ATC, such as a cellular telephone, at all times that the vehicle contains medicinal marijuana. Each delivery team member must possess their ATC employee identification card at all times and shall produce it to NJDH staff or law enforcement officials upon demand.

Each transport vehicle needs to be equipped with a secure lockbox or locking cargo area, which shall be used for the sanitary and secure transport of medicinal marijuana. Each ATC must maintain current commercial automobile liability insurance on each vehicle used for transport of medicinal marijuana in the amount of one million dollars per incident. Each ATC must ensure that vehicles used to transport medicinal marijuana bear no markings that would either identify or indicate that the vehicle is used to transport medicinal marijuana, and each trip must be completed in a timely and efficient manner, without intervening stops or delays. Each ATC shall maintain a record of each transport of medicinal marijuana in a transport logbook, which must include dates and times of trips, names of employees on the delivery team, relevant facts about the products transported and the signatures of the delivery team.

ATCs must report any vehicle accidents, diversions, losses, or other reportable events that occur during transport to the permitting authority in accordance with New Jersey law.

Home delivery is not permitted under New Jersey law. An ATC may not deliver marijuana to the home or residence of a registered qualifying patient or primary caregiver.

New Jersey Inspections

An ATC is subject to onsite assessment by the NJDH at any time. The NJDH may enter an ATC without notice to carry out an onsite assessment in accordance New Jersey laws and regulations. All ATCs are required to provide the NJDH or the NJDH's designee immediate access to any material and information so requested. Submission of an application for an ATC permit constitutes permission for entry and onsite assessment of an ATC, and failure to cooperate with an onsite assessment and or to provide the NJDH access to the premises or information may be grounds to revoke the permit of the ATC and to refer the matter to state law enforcement agencies.

An onsite assessment may include (1) the review of all ATC documents and records and conferences with qualifying patients and primary caregivers and other persons with information, and the making and retaining of copies and/or extracts, (2) the use of any computer system at the ATC to examine electronic data, (3) the reproduction and retention of any document and/or electronic data in the form of a printout or other output, (4) the examination and collection of samples of any marijuana found at the ATC, and (5) the seizure and detention of any marijuana or thing believed to contain marijuana found at the ATC.

U.S. Attorney Statements in New Jersey

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in New Jersey. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

New York

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 31 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.

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.

New York 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 May 19, 2020, there were 115,286 certified patients allowed to purchase cannabis products from a dispensary.

The table below lists the licenses approved to be issued to NYCANNA, LLC ("NYCANNA"), an indirect subsidiary of the Company:

Subsidiary	License number	City	Expiration Date	Description
NYCANNA, LLC	MM0601M	Dewitt	7/31/2021	Acquiring possession, sale, transporting, distributing and dispensing medical marijuana
NYCANNA, LLC	MM0602D	Jamaica	7/31/2021	Acquiring possession, sale, transporting, distributing and dispensing medical marijuana
NYCANNA, LLC	MM0603D	Farmingdale	7/31/2021	Acquiring possession, sale, transporting, distributing and dispensing medical marijuana
NYCANNA, LLC	MM0604D	Buffalo	7/31/2021	Acquiring possession, sale, transporting, distributing and dispensing medical marijuana
NYCANNA, LLC	MM0605D	Wallkill	7/31/2021	Acquiring possession, sale, transporting, distributing and dispensing medical marijuana

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.

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.

New York 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.

New York 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.

New York 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.

New York Inspections

Medical marijuana facilities in New York must make its books, records and manufacturing and dispensing facilities available to the department or its authorized representatives for monitoring, on-site inspection, and audit purposes, including but not limited to periodic inspections and/or evaluations of facilities, methods, procedures, materials, staff and equipment to assess compliance with requirements of New York law.

U.S. Attorney Statements in New York

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in New York. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

Ohio

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. As of April 30, 2020, there were approximately 101,427 registered patients allowed to purchase cannabis products from a dispensary.

Ohio 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. Dispensary Certificates of operation carry two-year terms, while certificates of operation for cultivators and processors must be renewed annually.

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. Starting in January 2019, Ohio patients were able to purchase medical cannabis.

Greenleaf Apothecaries, LLC ("GLA") has been issued five dispensary licenses and Greenleaf Therapeutics, LLC ("GLT") has been issued one provisional processing license. Greenleaf Gardens, LLC ("GLG") has been issued one provisional grow license. GLA, GLT and GLG are each indirect subsidiaries of the Company. The table below lists the locations of the provisional licenses.

The table below lists the licenses issued to GLA, GLT and GLG:

MSA Party	License Number	City	Expiration Date	Description
GLA	MMD.0700044	Akron	12/4/2020	Dispensary Facility
GLA	MMD.0700042	Cleveland	12/4/2020	Dispensary Facility
GLA	MMD.0700004	Canton	12/4/2020	Dispensary Facility
GLA	MMD.0700005	Wickliffe	12/4/2020	Dispensary Facility
GLA	MMD.0700043	Columbus	12/4/2020	Dispensary Facility
GLT	MMCPP00064	Middlefield	3/8/2021	Processing
GLG	ID TBD	Middlefield	2/28/2020	Grow

GLA currently has five operational dispensaries, one in each of the cities set out in the table above. In October 2019, GLA entered into a settlement agreement with the Ohio Board of Pharmacy that provides, among other provisions, that the process of closing the acquisition of GLA will be completed 18 months following the date the final dispensary became operational, which occurred on November 8, 2019.

The processing and cultivating facility, which GLT and GLG share, remains in construction. The Company expects to begin the process of closing the acquisitions of each of GLT and GLG once the respective processing and cultivating capabilities of the facility become operational. The processing capabilities are expected to become operational earlier in 2020 than the cultivation capabilities.

Ohio 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.

Ohio 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.

Ohio 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.

Ohio Transportation

Medical marijuana entities must maintain a transportation log containing the names and addresses of the medical marijuana entities sending and receiving the shipment, names and registration numbers of the registered employees transporting the medical marijuana or the products containing medical marijuana, the license plate number and vehicle type that will transport the shipment, the time of departure and estimated time of arrival, the specific delivery route, which includes street names and distances; and the total weight of the shipment and a description of each individual package that is part of the shipment, and the total number of individual packages. Copies of the log described above must be transmitted to the recipient and to the Ohio Department of Commerce before the close of business the day prior to the trip.

Vehicles transporting medical marijuana or marijuana products must be insured as required by law, store the products in locked compartments, ensure that the products are not visible from outside the vehicle, be staffed with two employees registered with the department (with one remaining with the vehicle at all times) and have access to the 911 emergency system. Vehicles must not be marked with any marks or logos.

Trips must be direct, other than to refuel the vehicle. Drivers must have their employee identification cards at all times and must ensure that delivery times and routes are randomized. A copy of the transportation log must be carried during the trip.

Ohio Inspections

The submission of an application that results in the issuance of a provisional license or certificate of operation for a cultivator irrevocably gives the Ohio Department of Commerce consent to conduct all inspections necessary to ensure compliance with the cultivator's application, state and local law and regulators. An inspector conducting an inspection pursuant to this rule shall be accompanied by a "type 1" key employee during the inspection. The inspector may review and make copies of records, enter any area of a facility, inspect vehicles, equipment, premises, and question employees, among other actions.

Dispensaries in Ohio are subject to random and unannounced dispensary inspections and medical marijuana testing by the Ohio Board of Pharmacy. The Ohio Board of Pharmacy and its representatives may enter facilities and vehicles where medical marijuana is held and conduct inspections in a reasonable manner each place and all pertinent equipment, containers and materials and data. The Ohio Board of Pharmacy may also obtain any medical marijuana or related products from such facility.

U.S. Attorney Statements in Ohio

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Ohio. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

Oklahoma

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. As of May 1, 2020, there were approximately 282,511 registered patients allowing them to purchase cannabis products from a dispensary.

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 medical cannabis treatment.

Oklahoma Licensing

The OMMA manages all licensing and registration for medical 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 being present at the business. Acreage Oklahoma Holdings, LLC, an indirect subsidiary of the Company, has been approved for one grower license and one processor license; both facilities will be located in Pocasset, Oklahoma. Acreage Relief Holdings OK, LLC, an indirect subsidiary of the Company, has been approved for one dispensary license.

MSA Party	License Number	City	Expiration Date	Description
Acreage OK Holdings, LLC	GAAA-N1LP-BYSH	Pocasset	1/19/2021	Commercial Grower
Acreage OK Holdings, LLC	PAAA-4KSX-AVD9	Pocasset	4/1/2021	Commercial Processor

Oklahoma 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."

Oklahoma Inventory

Oklahoma uses BioTrack THC as the central 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 accounted 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.

Oklahoma 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.

Oklahoma Inspections

Submission of an application for a medical marijuana processing license constitutes permission for entry to and inspection of the processing licensee's premises during hours of operation and other reasonable times in Oklahoma, and refusal to permit such entry or inspection is grounds for the nonrenewal, suspension, or revocation of a license. The Oklahoma State Department of Health may perform an unannounced on-site inspection of a licensed processor's operations to determine compliance with these rules and food safety/preparation standards once a year. If the Oklahoma State Department of Health receives a complaint concerning a licensed processor's noncompliance with this Chapter, the Oklahoma State Department of Health may conduct additional unannounced, on-site inspections beyond an annual inspection. The Oklahoma State Department of Health may review any and all records of a licensed processor and may require and conduct interviews with such persons or entities and persons affiliated with such entities, for the purpose of determining compliance with Oklahoma State Department of Health rules and applicable laws.

U.S. Attorney Statements in Oklahoma

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Oklahoma. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

Oregon

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 adult-use users from commercial dispensaries effective October 1, 2015. Effective January 1, 2017, cannabis was permitted to be sold for adult-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 adult-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 adult-use is 21.

Oregon 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. The OLCC regulates all retailer, producer, processor and lab license holders who have been approved to hold adult-use licenses and all producers and retailers if they sell both medical and adult-use 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. The table below lists the licenses issued to Acreage's indirect subsidiaries operating in Oregon:

Subsidiary	License Number	City	Expiration Date	Description
East 11th Incorporated	1004151A29E	Eugene	See below	Dispensary Facility
22nd and Burn Inc.	100400192AC	Portland	See below	Dispensary Facility
The Firestation 23 Inc.	1003660E75D	Portland	See below	Dispensary Facility
HSCP Oregon, LLC	1004152E8C9	Springfield	6/4/2020	Producer License
HSCP Oregon, LLC	1003642197C	Milwaukie	6/4/2020	Producer License
HSCP Oregon, LLC	020-1003642197C	Medford	6/4/2020	Producer License
HSCP Oregon, LLC	10026747951	Portland	See below	Dispensary Facility
Gesundheit Foods LLC	1013975ABC8	Milwaukie	7/18/2020	Processor
Gesundheit Foods LLC	1013984A526	Eugene	7/18/2020	Wholesaler

On January 14, 2020, each of East 11th Incorporated, 22nd and Burn Inc., The Firestation 23 Inc. and HSCP Oregon, LLC received a letter from the OLCC permitting these entities to continue to operate while the OLCC reviews their renewal applications.

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.

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.

Oregon Inventory/Storage

OLCC licensees must report the following to Oregon's Cannabis Tracking System ("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.

Oregon 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.

Oregon 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.

Oregon Inspections

All marijuana licensees may be subject to safety inspections of licensed premises by state or local government officials to determine compliance with state or local health and safety laws. The OLCC also may conduct an inspection at any time to ensure that a

registrant, licensee or permittee is in compliance with Oregon state laws. A licensee, licensee representative, or permittee must cooperate with the OLCC during an inspection. If licensee, licensee representative or permittee fails to permit the OLCC to conduct an inspection the OLCC may seek an investigative subpoena to inspect the premises and gather books, payrolls, accounts, papers, documents or records.

U.S. Attorney Statements in Oregon

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Oregon. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

Pennsylvania

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 23 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 April 2019, more than 131,000 patients in Pennsylvania have registered to participate in the medical marijuana program, and more than 100,000 have identification cards and are able to purchase medical marijuana at a dispensary. 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 of dry leaf cannabis.

Pennsylvania 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 Prime Wellness of Pennsylvania LLC ("PWPA"), an indirect subsidiary of the Company.

Subsidiary	Permit	City	Expiration Date	Description
Prime Wellness of Pennsylvania, LLC	GP-1005-17	Sinking Spring	6/20/2020	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.

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 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 system to implement a seed-to-sale electronic tracking. PWPA also uses MJ Freeway to push data and ensure compliance with all reporting requirements.

Pennsylvania 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.

Pennsylvania 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 pre-recorded 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.

Pennsylvania 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.

Pennsylvania Inspections

The PADOH may conduct announced or unannounced inspections or investigations to determine the medical marijuana organization’s compliance with its license and Pennsylvania laws and regulations. During an inspection or investigation, the PADOH may review the site, facility, vehicles, books, records, papers, documents, data, and other physical or electronic information. The PADOH may also question employees, officers, investors or similar persons and any other person or entity providing services to the medical marijuana organization.

The PADOH may also conduct an inspection of a grower/processor facility’s equipment, instruments, tools and machinery that are used to grow, process and package medical marijuana, including containers and labels. The PADOH and its authorized agents

will have free access to review and, if necessary, make copies of books, records, papers, documents, data, or other physical or electronic information that relates to the business of the medical marijuana organization, including financial data, sales data, shipping data, pricing data and employee data.

The PADOH and its authorized agents have the right to access any area within a site or facility and are permitted to collect test samples for testing at an approved laboratory.

Failure of a medical marijuana organization to provide the PADOH and its authorized agents immediate access to any part of a medical marijuana organization's site or facility, requested material, physical or electronic information, or individual as part of an inspection or investigation may result in the imposition of a civil monetary penalty, suspension or revocation of its permit, or an immediate cessation of operations pursuant to a cease and desist order issued by the PADOH.

U.S. Attorney Statements in Pennsylvania

To the knowledge of management of the Company, other than as disclosed in this Annual Report on Form 10-K, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Pennsylvania. See "*Risk Factors - The Company's Business Activities are Illegal under U.S. Federal Law*".

Item 1A. Risk Factors.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Form 10-K. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Risks Specifically Related to Regulatory Matters

The Company's Business Activities are Illegal under U.S. Federal Law.

Cannabis (with the exception of hemp containing no more than 0.3% THC by dry weight) 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 *Controlled Substances Act* (the "CSA"). The CSA classifies cannabis as a Schedule I controlled substance, and as such, medical and adult use cannabis consumption is illegal 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. If that occurs, the Subsidiaries or other entities in which the Company 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 the Company may be deemed to be facilitating the selling or distribution of cannabis and drug paraphernalia in violation of federal law with respect to the Company's investment in the Subsidiaries. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis is a significant risk which would greatly harm the Company's business, prospects, results of operation, and financial condition. As all of our operations are cannabis-related and conducted in the United States, our balance sheet and operating statement exposure to U.S. marijuana related activities is 100% in each case.

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 adult use 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 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.

There are 33 states in 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. Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, Washington and Washington D.C. have legalized cannabis for adult use.

The funding by the Company of the activities of the Subsidiaries involved in the medical and adult use 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 Company. The consequences of such enforcement would be materially adverse to the Company

and the Company's business, including its reputation, profitability, the market price of its publicly traded shares, and could result in the forfeiture or seizure of all or substantially all of the Company'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 U.S. Department of Justice ("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, then 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. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated "I do not intend to go after parties who have complied with state law in reliance on the Cole Memo." Nonetheless, 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 CSA with respect to 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 U.S. federal law.

The Department of Justice under Mr. Barr has not taken a formal position on federal enforcement of laws relating to cannabis. Mr. Barr has stated publicly that his preference would be to have a uniform federal rule against cannabis, but, absent such a uniform rule, his preference would be to permit the existing federal approach of leaving it up to the states to make their own decisions. There is no guarantee that the position of the Department of Justice will not change. If the Department of Justice policy under Attorney General William Barr were to aggressively pursue financiers or owners of cannabis-related businesses, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) the barring of its employees, directors, officers, managers and investors who are not United States citizens from entry into the United States for life.

On December 20, 2019, President Donald Trump signed the Consolidated Appropriations Act, 2020 which included the Rohrabacher/Blumenauer Amendment, which prohibits the funding of federal prosecutions with respect to medical cannabis activities that are legal under state law, extending its application until September 30, 2020. There can be no assurances that the Rohrabacher/Blumenauer Amendment will be included in future appropriations bills.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed, amended 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 or repeals the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendment or repeal there can be no assurance), there is a significant 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, the Company's business, results of operations, financial condition and prospects would be materially adversely affected.

Marijuana remains a Schedule I controlled substance under the CSA, and neither the Cole Memorandum nor its rescission nor the continued passage of the Rohrabacher/Blumenauer Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use marijuana, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States 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, the Company's business, results of operations, financial condition and prospects would be materially adversely affected.

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 Company, High Street and the Subsidiaries.

Nature of the Business Model

Since the cultivation, processing, production, distribution, and sale of cannabis for any purpose, medical, adult use or otherwise, remain illegal under U.S. federal law, it is possible that any of the Company, High Street or the Subsidiaries may be forced to cease activities. The United States federal government, through, among others, the DOJ, its sub agency the Drug Enforcement Agency ("DEA"), and the U.S. Internal Revenue Service (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 Company, High Street 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 Company, High Street 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, amended 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 Company'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 Company, its business and its assets or investments.

Certain U.S. states where medical and/or adult use cannabis is legal have or are considering special taxes or fees on 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 Company, High Street and the Subsidiaries.

The Company, High Street and the Subsidiaries are Subject to Applicable Anti-Money Laundering Laws and Regulations

The Company, High Street 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.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories - cannabis limited, cannabis priority, and cannabis terminated - based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively.

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 High Street 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 Company, High Street or any of the Subsidiaries to declare or pay dividends or effect other distributions.

Restricted Access to Banking

In February 2014, the FinCEN bureau of the U.S. Treasury Department issued the FinCEN Memorandum (which is not law) which provides guidance 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 executive branch. 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 Company 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. While the United States House of Representatives has passed the SAFE Banking Act, which would permit commercial banks to offer services to cannabis companies that are in compliance with state law, it remains under consideration by the Senate, and if Congress fails to pass the SAFE Banking Act, the Company's inability, or limitations on the Company'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 Company to operate and conduct its business as planned or to operate efficiently.

Lack of Access to U.S. Bankruptcy Protections; Other Bankruptcy Risks

Because the use of cannabis is illegal under U.S. 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 Company, High Street 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 Company will be able to effectively enforce its interests in High Street and its underlying Subsidiaries. A bankruptcy or other similar event related to an investment of the Company that precludes a party from performing its obligations under an agreement may have a material adverse effect on the Company. 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 Company.

Heightened Scrutiny by Canadian Authorities

Because cannabis is illegal under U.S. federal law, the business, operations and investments of the Company, High Street and the Subsidiaries in the U.S., and any future businesses, operations and investments, may become the subject of heightened scrutiny by securities regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with Canadian public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction, or have consequences for its stock exchange listing or Canadian reporting obligations, in addition to those described herein. See "*The Company's Business Activities are Illegal under U.S. Federal Law*".

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 - *Issuers with U.S. Marijuana-Related Activities* ("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 Clearing and Depository Services Inc. ("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 Securities Administrators and recognized Canadian securities exchanges, the TMX Group, which 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 of issuers with U.S. cannabis related activities 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 until an alternative (if available) 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 Company'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 Company's ability to compete for market share in a manner similar to other industries. If the Company 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 Company's sales and operating results could be adversely affected.

Reliance on Management or Consulting Services Agreements with Subsidiaries and Affiliates

The Company's Subsidiaries and other affiliates provide assistance and advice regarding the medicinal cannabis business in certain cases through management services agreements entered into with state-licensed entities. Under such agreements, the Subsidiaries and affiliates perform certain management and operational services. In exchange for providing these services, the subsidiaries and affiliates receive management fees which are a key source of revenue for the Company. Payment of such fees is dependent on the continuing validity and enforceability of the relevant management services agreements. If such agreements are found to be invalid or unenforceable by regulators, whether on the basis that they relate to activities that are illegal under U.S. federal law or otherwise, or are terminated by the counter-party, this could have a material adverse effect on the Company's business, prospects, financial condition, and operating results.

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 Company'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 Company) could expose any shareholder(s) in that jurisdiction to potential prosecution and/or criminal and civil sanction.

Tax Risks Related to Controlled Substances

Limits on U.S. deductibility of certain expenses may have a material adverse effect on our financial condition, results of operations and cash flows. Section 280E ("Section 280E") of the Internal Revenue Code (the "Code") prohibits businesses from deducting certain expenses associated with the trafficking of controlled substances (within the meaning of Schedule I and II of the CSA). IRS has applied Section 280E narrowly 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 that is favorable to cannabis businesses.

If our tax filing positions were to be challenged by federal, state and local or foreign tax jurisdictions, we may not be wholly successful in defending our tax filing positions. We record reserves for unrecognized tax benefits based on our assessment of the probability of successfully sustaining tax filing positions. Management exercises significant judgment when assessing the

probability of successfully sustaining tax filing positions, and in determining whether a contingent tax liability should be recorded and, if so, estimating the amount. If our tax filing positions are successfully challenged, payments could be required that are in excess of reserved amounts or we may be required to reduce the carrying amount of our net deferred tax asset, either of which result could be significant to our financial condition or results of operations.

Foreign Private Issuer Status

Unlike in prior years, as of January 1, 2020, we are required to comply with the domestic reporting regime under the United States Securities Exchange Act of 1934 (the "Exchange Act") and will incur significant legal, accounting and other expenses, and our management will be required to devote substantial additional time to new compliance initiatives and corporate governance matters.

We determined that, as of June 30, 2019, we no longer qualified as a "foreign private issuer" under the rules and regulations of the SEC. While we were a foreign private issuer, we were exempt from compliance with certain laws and regulations of the SEC, including the proxy rules, the short-swing profits recapture rules and certain governance requirements, such as independent director oversight of the nomination of directors and executive compensation. In addition, we were not required to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as U.S. companies registered under the Exchange Act. As a result of this determination, beginning on January 1, 2020, we were no longer entitled to "foreign private issuer" exemptions and we now report as a domestic U.S. filer, including filing quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements under Section 14 of the Exchange Act. In addition, we now prepare our financial statements in accordance with generally accepted accounting principles in the United States rather than International Financial Reporting Standards. In addition, beginning January 1, 2020, our "insiders" were and continue to be subject to the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. The Company is also no longer exempt from the requirements of Regulation FD promulgated by the SEC under the Exchange Act.

The regulatory and compliance costs associated with the reporting and governance requirements applicable to U.S. domestic issuers may be significantly higher than the costs we previously incurred as a foreign private issuer. As a result, we expect that the loss of foreign private issuer status will increase our legal and financial compliance costs and will make some activities highly time consuming and costly. In addition, we need to develop our reporting and compliance infrastructure and may face challenges in complying with the new requirements applicable to us.

Emerging Growth Company Status

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this exemption from new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies.

For as long as we continue to be an emerging growth company, we intend to take advantage of certain other exemptions from various reporting requirements that are applicable to other public companies including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our Subordinate Voting Shares less attractive because we will rely on these exemptions. If some investors find our Subordinate Voting Shares less attractive as a result, then there may be a less active trading market for our Subordinate Voting Shares and our stock price may be more volatile.

We will remain an emerging growth company until the earliest of (i) the last day of the year in which we have total annual gross revenue of $1.07 billion or more; (ii) the last day of the year following the fifth anniversary of the first sale of the common equity securities pursuant to an effective registration under the Securities Act of 1933, as amended (the "Securities Act"); (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

Limited Trademark Protection

The Subsidiaries will not be able to register any U.S. federal trademarks in classes covering their cannabis-related products or services under the current state of federal law. Because producing, manufacturing, processing, possessing, distributing, and selling cannabis is illegal under the CSA, the United States Patent and Trademark Office (USPTO) will not permit the registration of any trademark that does not comply with the CSA. As a result, the Subsidiaries will unlikely be able to protect their cannabis product trademarks beyond the geographic areas in which they conduct business pursuant to the relevant state's law. The use of such trademarks outside the states in which the Subsidiaries 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, such as the Company, High Street and the Subsidiaries 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 containing more than 0.3% THC (tetrahydrocannabinol) 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 *Federal 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. If regulated by the FDA as a drug, clinical trials would be needed to demonstrate 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, what the impact this would have 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 Company and/or High Street.

Laws and Regulations Affecting the Industry in which the Company Operates are Constantly Changing

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the Company. 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 Company, High Street 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 Company, High Street or the Subsidiaries and result in a material adverse effect on certain aspects of their planned operations. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, SEC, the DOJ, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or adult use purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital. In addition, the Company 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.

Limitation on Ownership of Licenses

In certain states, the cannabis laws and regulations limit, not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person may own. For example, in Massachusetts, no person may have an ownership interest, or control over, more than three license holders in any category - cultivation, processing or dispensing. In Maryland, the Department of Health has taken the position that the law prevents having a material ownership interest in more than one license holder in any one of these three categories. In New Jersey, there are restrictions on overlapping ownership of license holders. In Florida, there are also limitations on owning more than one of the vertically-integrated medical cannabis licenses offered in that state. The

Company believes that, where such restrictions apply, it may still capture significant share of revenue in the market through wholesale sales, exclusive marketing relations, provision of management or consulting services, franchising and similar arrangement with other operators. Nevertheless, such limitations on the acquisition of ownership of additional licenses within certain states may limit the Company's ability to grow organically or to increase its market share in such states.

Risks Generally Related to the Company

Our Results of Operations May be Negatively Impacted by the COVID-19 Outbreak

In December 2019, a novel strain of coronavirus ("COVID-19") emerged in Wuhan, China. Since then, it has spread to several other countries and infections have been reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic.

In response to the outbreak, governmental authorities in the United States, Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 in the United States, Canada and globally could have an adverse impact on our business, operations and financial results, including through disruptions in our cultivation and processing activities, supply chains and sales channels, as well as a deterioration of general economic conditions including a possible national or global recession. Shelter-in-place orders and social distancing practices designed to limit the spread of COVID-19 may affect our retail business. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on our business, operations or financial results; however, the impact could be material.

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 High Street and the Company. 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 adult use 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 adult use 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 Company, High Street 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 Company, High Street 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 Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on its business, financial condition and results of operations.

Limited Operating History

The Company presently generates losses, and will only start generating profits in future periods if at all, and accordingly, the Company 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 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 Company's business, prospects, financial condition and results of operations.

Competition with the Company

There is potential that the Company 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 Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support. In addition, the Company will have to establish and leverage best practices, standardize operating procedures and generate operational efficiencies through services shared among the Subsidiaries and other organizational methodologies. Pressure from the Company's competitors may have a material adverse effect on the Company'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 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 Company 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 Company 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 Company.

In addition, medical cannabis products compete against other healthcare drugs and a high volume of cannabis continues to be sold illegally on the illicit market.

Dependence on Performance of Subsidiaries

The Company is 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 Company's investment in such Subsidiary, the ability to realize a return on such investment and the financial results of the Company. The Company 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 Company.

Competition from Synthetic Production and Technological Advances

The pharmaceutical industry may attempt to dominate the cannabis industry, and in particular, 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 Company 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 Company's growth strategy will in part involve identifying and making acquisitions of interests in, or the businesses of, entities involved in the legal cannabis industry. The Company'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 High Street and the Company has placed and may continue to place significant demands on management and their operational and financial infrastructures. As the operations of the Company, High Street and the Subsidiaries grow in size, scope and complexity and as new opportunities are identified and pursued, the Company and High Street may need to increase in scale its infrastructure (financial, management, informational, personnel and otherwise). In addition, the Company 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 Company and High Street to successfully complete the proposed acquisitions and to capitalize on other growth opportunities may redirect the limited resources of the Company and/or High Street 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 Company or High Street 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 Company and High Street may result in increased costs or inefficiencies that cannot be anticipated. Changes as the Company and High Street 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 Company and High Street.

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 Company's ongoing business, (ii) distraction of management, (iii) the Company 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 Company's operations, and (vi) loss or reduction of control over certain of the Company's assets. Additionally, the Company or High Street may issue additional equity interests in connection with such transactions, which would dilute a shareholder's holdings in the Company.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company intends to pursue select strategic acquisitions which could provide additional product offerings, vertical integrations, additional industry expertise or a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose the Company 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 Company'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.

Proposed Transactions

The Company's pending transactions are subject to certain conditions, many of which are outside of the control of the Company 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 transactions will not close in a timely fashion or at all. If one or more of the proposed transactions is not completed for any reason, the ongoing business of the Company may be adversely affected and, without realizing any of the

benefits of having completed such transactions, the Company will be subject to a number of risks, including, without limitation, (i) the Company may experience negative reactions from the financial markets, including negative impacts on the Company's stock price, (ii) in the case of a proposed acquisition, the Company may need to find an alternative use of any capital earmarked for such proposed acquisitions, (iii) in the case of a proposed disposition, the Company 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 (iv) matters relating to the proposed transactions will require substantial commitments of time and resources by management of the Company which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to the Company.

If one or more of the proposed transactions 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 Company.

Ability to Access Public and Private Capital

The Company may require equity and/or debt financing to undertake capital expenditures or to undertake acquisitions or other transactions. If the Company is required to access capital markets to carry out its development objectives, the state of capital markets and other financial systems could affect the Company's access to, and cost of, capital. There can be no assurance that additional financing will be available to the Company when needed or on terms that are commercially viable. The Company'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.

The Company may have access to equity financing from the public capital markets in Canada and the U.S. by virtue of its status as a reporting issuer in each of the provinces of Canada (other than Newfoundland and Labrador, Prince Edward Island and Quebec), and under the Exchange Act. The Company also may have access to equity and debt financing from the prospectus exempt (private placement) markets in Canada and the U.S. The Company also has relationships with sources of private capital (such as funds and high net worth individuals) that could be investigated at a higher cost of capital. While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently has access to equity financing through the public and private markets in Canada and the U.S., and to debt financing in the U.S. through certain specialty lenders.

However, additional equity financing may be dilutive to shareholders of the Company and could involve the sale of securities with rights and preferences superior to those of the Subordinate Voting Shares. Debt financing may involve restrictions on the Company's financing and operating activities. Debt financing may be convertible into other securities of the Company or involve the issuance of equity fees, either of which may result in immediate or resulting dilution. In either case, additional financing may not be available to the Company on acceptable terms or at all. If the Company is unable to raise additional funds as needed, the scope of its operations or growth may be reduced and, as a result, the Company may be unable to fulfill its long-term goals. In this case, investors may lose all or part of their investment. Any default under such debt instruments could have a material adverse effect on the Company, its business or the results of operations.

Investments May be Pre-Revenue

The Company may make investments in companies with no significant sources of operating cash flow and no revenue from operations. The Company'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 Company'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 Company.

Enforceability of Judgments Against Subsidiaries

High Street 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 Company or its affiliates are residents of countries other than Canada. As a result, it may be difficult or impossible for shareholders of the Company 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 U.S. law in such circumstances.

Research and Market Development

Although the Company through High Street 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 High Street and the Subsidiaries, and consequently, the Company.

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), and associated terpenoids 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 Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, risks, efficacy, dosing and social acceptance of cannabis, future basic 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 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 Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Environmental Risk and Regulation

The operations of the Company, High Street 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 Company, High Street or the Subsidiaries.

Governmental Approvals and Permits and Laws

Government approvals and permits are currently, and may in the future be, required in connection with the operations of the Company, High Street or the Subsidiaries. To the extent such approvals are required and not obtained, the Company, High Street or any of the Subsidiaries may be curtailed or prohibited from their production of medical and adult-use 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.

The Subsidiaries may not be able to obtain or maintain the necessary licenses, permits, certificates, authorizations or accreditations to operate their respective businesses, or may only be able to do so at great cost. 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 Company, High Street and/or the Subsidiaries.

Amendments to current laws, regulations and permits governing the production of medical and adult-use cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company, High Street 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 remains illegal at a federal level, courts in multiple U.S. states have on several occasions found cannabis-related contracts unenforceable due to illegality under federal law, even in the absence of any violation of state law. Therefore, there is uncertainty that the Company, High Street or any of the Subsidiaries will be able to legally enforce their respective material agreements.

Liability and Enforcement Complaints

The participation of the Company, High Street 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 Company, High Street 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 Company, High Street or any of the Subsidiaries.

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 Company, High Street 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 Company, High Street or any of the Subsidiaries.

Reliance on Management or Consulting Services Agreements with Subsidiaries and Affiliates

The Subsidiaries and other affiliates provide assistance and advice in the medicinal cannabis business in certain cases through management or consulting services agreements entered into with state-licensed entities. Under such agreements, the Subsidiaries and affiliates perform certain operational or administrative services. In exchange for providing these services, the Subsidiaries and affiliates receive management fees which are a source of revenue. Payment of such fees is dependent on the continuing validity and enforceability of the relevant agreements. If such agreements are found to be invalid or unenforceable, or are terminated by the counter-party, this could have a material adverse effect on the business, prospects, financial condition, and operating results.

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 Company, High Street 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 Company, High Street or any of the Subsidiaries, and could have a material adverse effect on the business, results of operations and financial condition of the Company, High Street 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 Company 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 their results of operations and financial condition as well as those of the Company.

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 in 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 Company.

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 Company. 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 Company.

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 Company.

Key Personnel

The success of the Company will depend on the abilities, experience, efforts and industry knowledge of senior management and other key employees of the Company and High Street. If one or more of the executive officers or key personnel of the Company, High Street or the Subsidiaries were unable or unwilling to continue in their present positions, the Company, High Street 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 of the Company. In addition, if any of the executive officers or key employees of the Company, High Street or the Subsidiaries joins a competitor or forms a competing company, the Company, High Street or the relevant Subsidiary may lose know-how, key professionals and staff members.

Talent Pool

As the Company, High Street 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 Company, High Street or the Subsidiaries may suffer. There can be no assurance that any of the Company, High Street 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 Company, High Street or the Subsidiaries.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Company, High Street and the Subsidiaries are exposed to the risk that any of their employees, independent contractors, consultants or business counterparties 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 Company, High Street or any Subsidiary that violates, (i) government regulations, (ii) manufacturing standards, (iii) federal and state 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 Company, High Street or the Subsidiaries to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company, High Street 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 Company, High Street 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 Company, High Street 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 Company, High Street or the Subsidiaries, any of which could have a material adverse effect on the business, financial condition, results of operations or prospects of the Company, High Street or any of the Subsidiaries.

Intellectual Property

The success of the Company 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, notwithstanding the Subsidiaries' use and enforcement of non-disclosure and non-compete agreements. 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 Company.

The Company May be Exposed to Infringement or Misappropriation Claims by Third Parties

The Company'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 Company cannot ensure that third parties will not assert intellectual property claims against it. The Company is subject to additional risks if entities licensing intellectual property to the Company 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 Company, 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 Company 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 Company to injunctions prohibiting the development and operation of its products and services.

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 Company 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 High Street, and consequently, the Company.

The Company's business is 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 High Street 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 Company 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 High Street and the Subsidiaries is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company 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 Company, High Street 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 Company, High Street or the Subsidiaries becomes involved result in a decision or verdict against them, such decision or verdict could materially adversely affect the ability of the Company, High Street or any Subsidiary to continue operating and could materially adversely impact the market price for Subordinate Voting Shares as well as result in the expenditure of significant resources. Even if any of the Company, High Street or the Subsidiaries are involved in litigation and wins, litigation can redirect significant resources from business operations to prosecuting or defending such litigation, which can adversely affect the business, operations or financial condition of the Company, High Street and/or the Subsidiaries, as applicable.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will implement a number of safeguards in efforts to ensure the reliability of its financial reports, including those imposed on the Company under U.S. and Canadian laws, including the Sarbanes-Oxley Act of 2002, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's ability to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and adversely affect the trading price of the Subordinate Voting Shares.

We are exposed to potential risks from legislation requiring companies to evaluate internal controls under Section 404(a) of the Sarbanes-Oxley Act of 2002. As an emerging growth company, we will not be required to provide a report on the effectiveness of its internal controls over financial reporting until our second Annual Report on Form 10-K, and we will be exempt from auditor attestation requirements concerning any such report so long as we are an emerging growth company. We have not yet evaluated whether our internal control procedures are effective and therefore there is a greater likelihood of material weaknesses in our internal controls, which could lead to misstatements or omissions in our reported financial statements as compared to issuers that have conducted such evaluations.

Operational Risks

The Company, High Street 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 Company, High Street 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 Company, High Street or the Subsidiaries.

Conflicts of Interest

Certain of the Company's 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 products and services the Company 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 Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who are a party to a material contract or a proposed material contract with the Company 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 Company. However, in conflict of interest situations, the Company'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 Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company.

Effect of General Economic and Political Conditions

The business of each of the Company, High Street 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 Company, High Street and the Subsidiaries.

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 Company'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 Company and High Street.

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. 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 investment and operational performance of High Street prior to the completion of the RTO is not indicative of the future operating results of the Company. There can be no assurance that the historical operating results achieved by High Street or its affiliates will be achieved by the Company, and the Company's performance may be materially different.

Going Concern Risk

The Company 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 Company's ability to continue as a going concern will depend on its ability to realize profits from High Street and or the ability to raise additional equity or debt in the private or public markets. While the Company and High Street have been successful in raising equity and debt to date, there can be no assurances that the Company will be successful in completing an equity or debt financing or in achieving profitability in the future.

As reflected in the Consolidated Financial Statements, the Company had an accumulated deficit and a negative net working capital (current liabilities greater than current assets) as of December 31, 2019, as well as a net loss and negative cash flow from operating activities for the reporting period then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern for at least one year from the issuance of these financial statements.

However, management believes that substantial doubt of our ability to meet our obligations for the next twelve months from the date these financial statements were first made available has been alleviated due to, but not limited to, (i) capital raised between

January and March 2020, (ii) access to future capital commitments (see Note 17 of the Consolidated Financial Statements), (iii) continued sales growth from our consolidated operations, (iv) latitude as to the timing and amount of certain operating expenses as well as capital expenditures, (v) restructuring plans that have already been put in place to improve the Company's profitability, and (vi) the Standby Equity Distribution Agreement described in Note 17 of the Consolidated Financial Statements.

If the Company is unable to raise additional capital whenever necessary, it may be forced to decelerate or curtail its footprint buildout or other operational activities until such time as additional capital becomes available. Such limitation of the Company's activities would allow it to slow its rate of spending and extend its use of cash until additional capital is raised. However, management cannot provide any assurances that we will be successful in accomplishing any of our plans. Management also cannot provide any assurance as to unforeseen circumstances that could occur at any time within the next twelve months or thereafter which could increase our need to raise additional capital on an immediate basis.

Indemnification

The Company's Articles provide that the Company will, to the fullest extent permitted by law, indemnify directors and officers for certain liabilities incurred by them by virtue of having been a director or officer of the Company.

The Company 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 Company 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 directors and officers of the Company reside outside of Canada and some or all of the assets of such persons are located outside of Canada. Therefore, it may not be possible for 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 shareholders to effect service of process within Canada upon such persons.

Risks Related to Ownership

Voting Control

As a result of the Multiple Voting Shares held by Mr. Murphy, he exercises a significant majority of the voting power in respect of the Acreage Shares. The Subordinate Voting Shares are entitled to one vote per share, the Proportionate Voting Shares are entitled to 40 votes per share, and the Multiple Voting Shares are entitled to 3,000 votes per share. As a result, Mr. Murphy has the ability to control the outcome of all matters submitted to the Company'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 Company. This concentrated control could delay, defer, or prevent a change of control of the Company, arrangement or amalgamation involving the Company or sale of all or substantially all of the assets of the Company that its other shareholders support. Conversely, this concentrated control could allow Mr. Murphy, as the holder of the Multiple Voting Shares, to cause the Company to consummate such a transaction that the Company's other shareholders do not support. In addition, the holder of the Multiple Voting Shares may cause the Company to make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Company's business.

As the Company's Chief Executive Officer, Mr. Murphy has control over the day-to-day management and the implementation of major strategic investments, subject to authorization and oversight by the Board. As a member of the Board, Mr. Murphy owes fiduciary duties to the Company, including those of care and loyalty, and must act in good faith and with a view to the best interests of the Company. 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 Company's shareholders generally. Because Mr. Murphy holds most of his economic interest in the Company's business through High Street, rather than through the Company, he may have conflicting interests with holders of the Acreage Shares. For example, Mr. Murphy may have different tax positions from the Company, which could influence his decisions regarding whether and when the Company 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 Company 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 Company. In addition, the significant ownership of

Mr. Murphy in the Company and his resulting ability to effectively control the Company may discourage someone from making a significant equity investment in the Company, or could discourage transactions involving a change in control, including transactions in which holders of the Acreage Shares might otherwise receive a premium for their shares over the then-current market price.

Unpredictability Caused by Voting Control

Although other companies have dual class or multiple voting share structures, given the unique capital structure of the Company and the concentration of voting control held by the Mr. Murphy, as the sole holder 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 may result in adverse publicity to the Company or other adverse consequences.

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 Company 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.

Price Volatility Caused by COVID-19

The COVID-19 outbreak, and the response of governmental authorities to try to limit it, are having a significant impact on the securities markets in the U.S. and Canada. Since the COVID-19 outbreak commenced, the securities markets in the U.S. and Canada have experienced a high level of price and volume volatility and wide fluctuations in the market prices of securities of many companies, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration may adversely impact the price of the Subordinate Voting Shares. See "O*ur Results of Operations May be Negatively Impacted by the COVID-19 Outbreak*" and "*Price Volatility of Publicly Traded Securities*".

Dividends

Holders of the Acreage Shares will not have a right to dividends on such shares unless declared by the Board. It is not anticipated that the Company will pay any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings. The declaration of dividends is at the discretion of the Board, even if the Company has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Company's financial results, cash requirements, future prospects and other factors deemed relevant by the Board.

Dilution

The Company and High Street may issue additional securities in the future, which may dilute a shareholder's holdings in the Company and the Company's revenue per share. The Board has discretion to determine the price and the terms of further issuances. Moreover, additional Subordinate Voting Shares will be issued by the Company on the exercise of options under the Company's Omnibus Incentive 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 Company on the exercise, conversion or redemption of certain outstanding securities of the Company, Acreage Holdings America, Inc. ("USCo"), Acreage Holdings WC, Inc. ("USCo2") and High Street in accordance with their terms. The Company may also issue Subordinate Voting Shares to finance future acquisitions. The Company 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.

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 Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Cash Flow From Operations

During the year ended December 31, 2019, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company's cash and cash equivalents as at December 31, 2019 was approximately US$26,505,000. As at December 31, 2019, the Company's capital deficit was approximately US$1,818,000. As at the date hereof, the Company has negative working capital. See "*Sufficiency of Capital*".

Sufficiency of Capital

Should the Company's costs and expenses prove to be greater than currently anticipated, or should the Company change its current business plan in a manner that will increase or accelerate its anticipated costs and expenses, the depletion of its working capital would be accelerated. To the extent it becomes necessary to raise additional cash in the future as its current cash and working capital resources are depleted, the Company will seek to raise it through the public or private sale of assets, debt or equity securities, the procurement of advances on contracts or licenses, funding from joint-venture or strategic partners, debt financing or short-term loans, or a combination of the foregoing. The Company may also seek to satisfy indebtedness without any cash outlay through the private issuance of debt or equity securities. The Company cannot guarantee that it will be able to secure the additional cash or working capital it may require to continue our operations. Failure by the Company to obtain additional cash or working capital on a timely basis and in sufficient amounts to fund its operations or to make other satisfactory arrangements may cause the Company to delay or indefinitely postpone certain of its activities, including potential acquisitions, or to reduce or delay capital expenditures, sell material assets, seek additional capital (if available) or seek compromise arrangements with its creditors. The foregoing could materially and adversely impact the business, operations, financial condition and results of operations of the Company.

United States Tax Classification of the Company

Although the Company is and will continue to be a British Columbia company, the Company is also treated as a United States corporation for United States federal income tax purposes under section 7874 of the Code and is subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is, regardless of any application of section 7874 of the Code, to be treated as being resident of Canada under the *Income Tax Act* (Canada) (the "Tax Act"). As a result, the Company 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.

The Company 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 Company's non-U.S. holders of Subordinate Voting Shares upon a disposition of Subordinate Voting Shares generally depends on whether the Company is classified as a United States real property holding corporation (a "USRPHC") under the Code. The Company believes that it is not currently, and has never been, a USRPHC. However, the Company has not sought and does not intend to seek formal confirmation of its status as a non-USRPHC from the IRS. If the Company ultimately is determined by the IRS to constitute a USRPHC, its non-U.S. holders of the Subordinate Voting Shares may be subject to U.S. federal income tax on any gain associated with the disposition of the Subordinate Voting Shares.

Risks Related to the Company's Organizational Structure

Corporate Structure Risks

The Company is a holding company and has no material assets other than its indirect ownership of Units of High Street. As such, the Company has no independent means of generating revenue or cash flow. The Company has determined that High Street will be a variable interest entity (a "VIE") and that it will be the primary beneficiary of High Street. Accordingly, pursuant to the VIE accounting model, the Company will consolidate High Street in its consolidated financial statements. In the event of a change in accounting guidance or amendments to the Amended and Restated LLC Agreement which governs High Street (the "A&R LLC Agreement") resulting in the Company no longer having a controlling interest in High Street, the Company may not be able to consolidate High Street's results of operations with its own, which would have a material adverse effect on the Company's results of operations. Moreover, the Company'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 High Street and the Subsidiaries and distributions it receives indirectly from High Street. There can be no assurance that any of High Street or the Subsidiaries will generate sufficient cash flow to distribute funds to the Company or that applicable state law and contractual restrictions will permit such distributions.

High Street 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 High Street. Under the terms of the A&R LLC Agreement, High Street will be obligated to make tax distributions to holders of Units. USCo intends, as its manager, to cause High Street 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 Company, including payments under the Tax Receivable Agreement. However, High Street's 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 High Street is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering High Street insolvent. If the Company 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 High Street does not have sufficient funds to make distributions, the Company's ability to declare and pay cash dividends will also be restricted or impaired.

High Street Tax Receivable Agreement

USCo is a party to the tax receivable dated November 14, 2018 (the "Tax Receivable Agreement") between USCo, High Street and certain executive employees of the Company (the "Tax Receivable Recipients"). Under the Tax Receivable Agreement, USCo is 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 High Street resulting from any redemptions or exchanges of Units from the High Street 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 Company 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 Acreage Shares after the completion of 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 realized tax benefit by USCo, the amount and timing of the taxable income USCo generates in the future, and the applicable federal and state tax rates.

The Company's organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Tax Receivable Recipients that will not benefit the holders of the Acreage Shares to the same extent as it will benefit the Tax Receivable Recipients. High Street is a party to the Tax Receivable Agreement, which provides for the payment by USCo to the Tax Receivable Recipients of 65% of the amount of tax benefits, if any, that High Street actually realizes, or in some circumstances is deemed to realize, as a result of (i) the increases in the tax basis of assets of High Street resulting from any redemptions or exchanges of Units from the High Street Members, 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 High Street upon the Tax Receivable Bonus Plan. Although USCo will retain 15% of the amount of such tax benefits, this and other aspects of the Company's organizational structure may adversely impact the Company's financial results.

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 Company. There can be no assurance that USCo will be able to fund or finance its obligations under the Tax Receivable Agreement.

Payments Made Under the Tax Receivable Agreement

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 Company's tax obligations and effective tax rate and realization of the Company's deferred tax assets may result in volatility of the Company's operating results.

The Company will be subject to taxes by the Canadian federal, state, local and foreign tax authorities, and the Company's tax liabilities will be affected by the allocation of expenses to differing jurisdictions. The Company 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 Company expects that throughout the year there could be ongoing variability in the quarterly tax rates as events occur and exposures are evaluated. The Company'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 Company has lower statutory tax rates and higher than anticipated earnings in countries where the Company has higher statutory tax rates.

In addition, the Company'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 Company, High Street 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 Company's current or future tax structure and effective tax rates. The Company, High Street 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 Company's operating results and financial condition of the Company, High Street or the Subsidiaries.

Under Sections 3(a)(1)(A) and (C) of the United States Investment Company Act 1940 (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 Company does not believe it is an "investment company," as such term is defined in either of those sections of the 1940 Act.

The Company indirectly controls and operates High Street. On that basis, the Company believes that its interest in High Street is not an "investment security" as that term is used in the 1940 Act. However, if the Company were to cease participation in the management of High Street, its interest in High Street could be deemed an "investment security" for purposes of the 1940 Act.

The Company and High Street intend to conduct their operations so that the Company will not be deemed an investment company. However, if the Company were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on the Company's capital structure and the Company's ability to transact with affiliates, could make it impractical for the Company to continue its business as contemplated and could have a material adverse effect on the Company's business.

Risks Related to the Acquisition

Until the earlier of the Acquisition being completed and the Canopy Growth Call Option being terminated in accordance with its terms, the Company and its Subsidiaries are restricted from taking certain actions

The Arrangement Agreement contains restrictive covenants that may potentially impair the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company and each Subsidiary from making any material change to the nature of its business, to pay distributions or make certain other payments, to create liens or encumbrances not permitted by the Arrangement Agreement and to sell or otherwise dispose of certain assets prior to the completion of the Arrangement or the exercise of the Canopy Growth Call Option to acquire all of the issued and outstanding shares of the Company under the Arrangement Agreement (the "Acquisition"). A failure to comply with these terms, if not cured or waived, could result in a breach of the Arrangement Agreement.

The Company could fail to receive the necessary regulatory approval

The Arrangement is not required to be completed unless the Arrangement receives approval under the *United States Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended, and approvals of each of the TSX, NYSE and CSE, including the approval of the listing of the Canopy Shares to be issued pursuant to the Acquisition on the TSX and NYSE.

Canopy Growth could fail to complete the Acquisition or the Acquisition may be completed on different terms

There can be no assurance that the Acquisition will be completed, or if completed, that it will be completed on the same or similar terms to those set out in the Arrangement Agreement. The completion of the Acquisition is subject to the satisfaction of a number of conditions which include, among others,(i) obtaining necessary approvals, (ii) performance by the Company and Canopy Growth of their respective obligations and covenants in the Arrangement Agreement, and (iii) unless otherwise waived, cannabis production, distribution and sale becoming legal under United States federal law, or being removed from regulation under such law. If these conditions are not fulfilled or waived, or the Acquisition is not completed for any other reason, shareholders of the Company will not receive the Canopy Growth Shares which will be the consideration for the Acquisition under the Arrangement Agreement. There can be no assurance the Triggering Event will occur or the requirement for such a Triggering Event will be waived.

In addition, if the Acquisition is not completed the ongoing business of the Company may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Acquisition, and the Company could experience negative reactions from the financial markets, which could cause a decrease in the market price of the Company's securities, particularly if the market price reflects market assumptions that the Acquisition will be completed or completed on certain terms. The Company may also experience negative reactions from its customers and employees and there could be negative impact on the Company's ability to attract future acquisition opportunities. Failure to complete the Acquisition or a change in the terms of the Acquisition could each have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Associated with a Fixed Exchange Ratio

Shareholders will receive a fixed number of Canopy Growth Shares under the Arrangement, rather than Canopy Growth Shares with a fixed market value. Because the number of Canopy Growth Shares to be received in respect of each Acreage Share under the Arrangement will not be adjusted to reflect any change in the market value of the Canopy Growth Shares, the market value of Canopy Growth Shares received under the Arrangement may vary significantly from the market value at the date of announcement of the Arrangement Agreement was executed. If the market price of the Canopy Growth Shares increases or decreases, the value of the Canopy Growth Shares that shareholders of the Company will receive pursuant to the Acquisition will correspondingly increase or decrease. There can be no assurance that the market price of the Canopy Growth Shares at the closing of the Acquisition will not be lower than the market price of such shares on the date of announcement of the Arrangement.

In addition, the number of Canopy Growth Shares being issued in connection with the Arrangement will not change despite decreases or increases in the market price of the Subordinate Voting Shares. Many of the factors that affect the market price of the Canopy Growth Shares and the Subordinate Voting Shares are beyond the control of Canopy Growth and the Company, respectively. These factors include changes in market perceptions of the cannabis industry, changes in the regulatory environment, adverse political developments and prevailing conditions in the capital markets.

In the event that the market value of the Canopy Growth Shares decreases subsequent to the date that the Company announced the entering into of the Arrangement Agreement and prior to the date of the closing of the Acquisition, this may have a negative impact on the value that shareholders of the Company will realize on the Acquisition.

The Exchange Ratio may be decreased in certain instances

There is a fixed maximum number of Canopy Growth Shares to be issued in connection with the Acquisition. In addition, in the event that the Company issues more Acreage Shares than the permitted threshold under the Arrangement Agreement or if the Company or any of its Subsidiaries is required to make a payout over US$20,000,000 in order to either (i) settle, (ii) satisfy a judgment, or (iii) acquire the disputed minority non-controlling interest, in connection with the claim filed by EPMMNY LLC against certain Subsidiaries, the Exchange Ratio will be automatically reduced. Any such reduction of the Exchange Ratio will result in the shareholders of the Company receiving fewer Canopy Growth Shares upon completion of the Acquisition.

The Company will incur substantial transaction-related costs in connection with the Acquisition

The Company expects to incur a number of non-recurring transaction-related costs associated with completing the Acquisition which will be incurred whether or not the Acquisition is completed. Such costs may offset any expected cost savings and other synergies from the Acquisition.

The Canopy Growth Shares to be received by shareholders as a result of the Acquisition will have different rights from the Subordinate Voting Shares

Following completion of the Acquisition, shareholders will no longer be shareholders of the Company, a corporation governed by the British Columbia Business Corporations Act, but will instead be shareholders of Canopy Growth, a corporation governed by the *Canada Business Corporations Act* (Canada) ("CBCA"). There may be important differences between the current rights of shareholders and the rights to which such shareholders will be entitled as shareholders of Canopy Growth under the CBCA and Canopy Growth's constating documents.

The Company and Canopy Growth may not integrate successfully

The Acquisition will involve the integration of companies that previously operated independently. As a result, the Acquisition will present challenges to Canopy Growth's management, including the integration of the operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management's attention and the loss of key employees. The difficulties management encounters in the transition and integration process could have an adverse effect on the revenues, level of expenses and operating results of Canopy Growth following completion of the Acquisition. If actual results are less favorable than the Company and Canopy Growth currently estimate, the combined company's business, results of operations, financial condition and liquidity could be materially adversely impacted.

The ability to realize the benefits of the Acquisition will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the combined company's ability to realize the anticipated growth opportunities and synergies, efficiencies and cost savings from integrating the Company's and Canopy Growth's businesses following completion of the Acquisition.

Most operational and strategic decisions and certain staffing decisions with respect to the combined company have not yet been made. These decisions and the integration of the two companies will present challenges to management, including the integration of systems and personnel of the two companies and special risks, including possible unanticipated liabilities, unanticipated costs, and the loss of key employees. The performance of the combined company's operations after completion of the Acquisition could be adversely affected if the combined company cannot retain key employees to assist in the integration and operation of the combined company. As a result of these factors, it is possible that the cost reductions and synergies expected from the combination of the Company and Canopy Growth will not be realized.

This integration will require the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities following completion of the Acquisition and from operational matters during this process. The amount and timing of the synergies the parties hope to realize may not occur as planned. In addition, the integration process may result in the disruption of ongoing business that may adversely affect the ability of the combined company to achieve anticipated benefits of the Acquisition.

Canopy Growth may issue additional equity securities

Canopy Growth may issue equity securities to finance its activities, including in order to finance acquisitions. If Canopy Growth issues additional equity securities, whether prior to or following the Acquisition, the ownership interest of existing shareholders of the Company in Canopy Growth assuming completion of the Acquisition may be diluted and some or all of Canopy Growth's financial measures on a per share basis could be reduced. Moreover, if the intention to issue additional equity securities becomes publicly known, Canopy Growth's share price may be materially adversely affected.

Following the completion of the Acquisition, the combined company may issue additional equity securities

Following the completion of the Acquisition, the combined company may issue equity securities to finance its activities, including in order to finance acquisitions. If the combined company were to issue additional equity securities, the ownership interest of existing shareholders may be diluted and some or all of the combined company's financial measures on a per share basis could be reduced. Moreover, as the combined company's intention to issue additional equity securities becomes publicly known, the combined company's share price may be materially adversely affected.

The Acquisition will affect the rights of the Company's shareholders

Following the completion of the Acquisition, shareholders will no longer have a direct interest in the Company, its assets, revenues or profits. In the event that the actual value of Company's assets or business, as at the effective date of the Acquisition exceeds the implied value of the Company under the Arrangement, shareholders will not be entitled to additional consideration for their Acreage Shares.

Canopy Growth may be acquired before the completion of the Acquisition

In the event of any business consolidation, amalgamation, arrangement, merger, redemption, compulsory acquisition or similar transaction of or involving Canopy Growth, or a sale or conveyance of all or substantially all of the assets of Canopy Growth to any other body corporate, trust, partnership or other entity, but excluding, for greater certainty, any transactions involving Canopy Growth and one or more of its subsidiaries (a "Canopy Growth Change of Control") before the completion of the Acquisition, shareholders of the Company will not be entitled to vote or exercise any dissent rights in connection with such proposed acquisition, however, all such shareholders of the Company will be bound by the terms of any such acquisition if approved. Accordingly, in the event of the exercise or deemed exercise of the Canopy Growth Call Option following a successful Canopy Growth Change of Control, it is anticipated that shareholders of the Company would receive securities of the entity resulting from such Canopy Growth Change of Control. The projected synergies and anticipated benefits of being acquired by Canopy Growth may not be realized if the Company is acquired in turn by a third-party purchaser or successor entity, as applicable, following a successful Canopy Growth Change of Control. The Company and such third-party purchaser or successor entity may not successfully integrate. If actual results are less favorable than the Company and Canopy Growth currently estimate, the business, results of operations, financial condition and liquidity of any such third-party purchaser or successor entity, as applicable, could be materially adversely impacted.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are located at 366 Madison Avenue, 11th Floor, New York, NY 10017. The following table sets forth our owned and leased locations by geographic location as of December 31, 2019. The Company has entered into sale-and-leaseback transactions with GreenAcreage Real Estate Corp. and will continue to enter into such transactions with real estate investment trusts when deemed beneficial to the Company's strategy. As a result, the Company's real estate profile will continue to shift to leased properties.

The table and footnotes below summarize the Company's real estate profile as of the date of this filing:

Retail Facilities:

Regions	Operational	In Development	Owned	Leased
New England				
Connecticut	3	—	—	3
Maine[(1)]	4	—	—	4
Massachusetts[(1)]	1	2	—	3
New Hampshire[(1)]	1	—	—	1
Mid-Atlantic				
New Jersey[(1)(2)]	2	1	—	3
New York	4	—	—	4
Midwest				
Illinois	1	1	—	2
Michigan	—	3	3	—
Ohio[(1)]	5	—	—	5
West				
California	—	1	—	1
Oregon	5	—	—	5
South				
Florida	1	7	—	8
Total	27	15	3	39

(1) Acreage provides services including but not limited to financing, management, consulting and/or administrative services with these license holders to assist in the operations of their cannabis businesses.

(2) Pending acquisition.

Cultivation/Processing Facilities

Regions	Operational	In Development	Owned	Leased
New England				
Maine[(1)]	1	—	—	1
Massachusetts[(1)]	1	1	—	1
New Hampshire[(1)]	1	—	—	1
Mid-Atlantic				
New Jersey[(1)(2)]	1	1	1	1
New York	1	—	—	1
Pennsylvania	1	—	—	1
Midwest				
Illinois	1	—	1	—
Iowa[(3)]	—	—	1	—
Ohio[(1)]	—	1	1	—
Oklahoma	—	1	—	1
West				
California	2	—	—	2
Oregon	2	—	—	2
South				
Florida	2	—	—	2
Total	13	4	4	13

(1) Acreage provides services including but not limited to financing, management, consulting and/or administrative services with these license holders to assist in the operations of their cannabis businesses.
(2) Pending acquisition.
(3) Acreage owns a property in Iowa but it is not operational at this time.

Item 3. Legal 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 State Holdings LLC, NY Medicinal Research & Caring, LLC (each, a wholly-owned subsidiary of High Street) and High Street. 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 High Street. 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. High Street intends to vigorously defend this action, which the Company firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by High Street. High Street 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. The defendants filed a motion to dismiss on April 1, 2019. The motion was fully briefed and submitted to the Court on July 18, 2019, and oral argument was heard on September 6, 2019. The motion remains pending before the Court.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

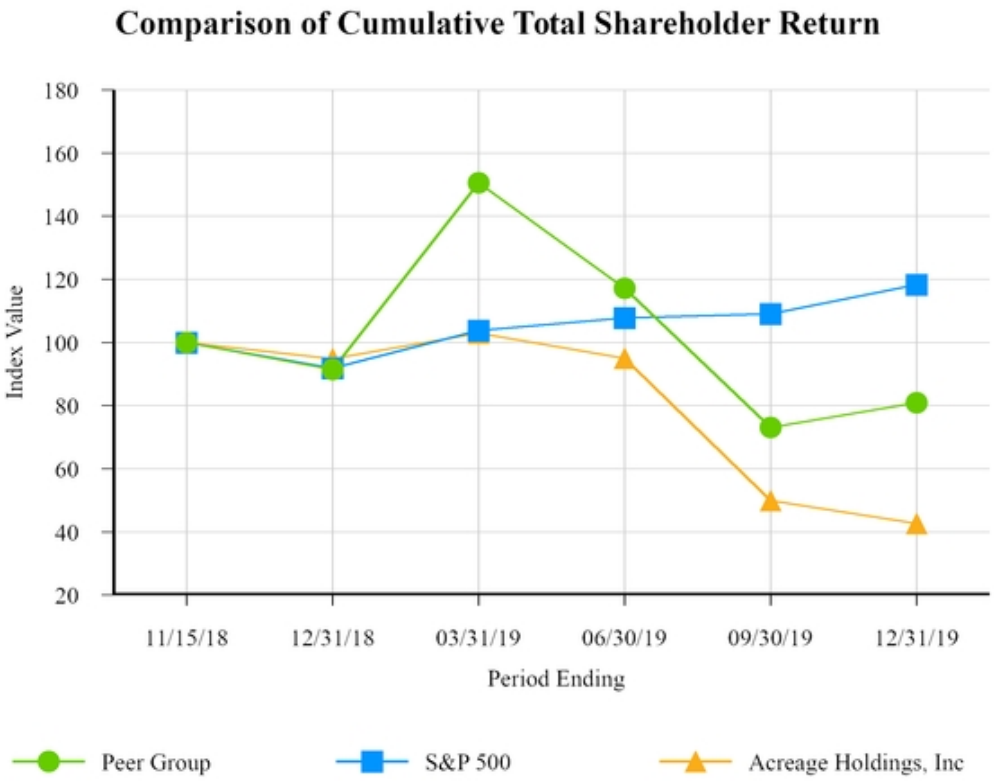
The Company's Subordinate Voting Shares are currently listed on the Canadian Securities Exchange ("CSE") under the trading symbol "ACRG.U", quoted on the OTCQX under the trading symbol "ACRGF", and traded on the Frankfurt Stock Exchange under the trading symbol "0VZ".

Holders

As of May 27, 2020, there were 867 shareholders of record.

Company Stock Performance

The following graph shows a comparison of cumulative total shareholder return, calculated on a dividend-reinvested basis, for the Company, the S&P 500 Index and a selected peer group of companies for the period beginning on November 15, 2018, the date we began trading on the CSE. The graph assumes $100 was invested in each of the Company's Subordinate Voting Shares and the S&P 500 Index as of the market close on November 15, 2018. Note that historic stock price performance is not necessarily indicative of future stock price performance.



Below are the specific companies included in the peer group:

- Trulieve Cannabis Corp.
- MedMen Enterprises Inc.
- Cresco Labs Inc.
- Green Thumb Industries Inc.
- Curaleaf Holdings, Inc.
- Harvest Health and Recreation, Inc.
- iAnthus Capital Holdings, Inc.

Item 6. Selected Financial Data.

The information set forth below for the years ended December 31, 2019, 2018 and 2017 is not necessarily indicative of results of future operations, and should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included in Part II, Item 8 of this Form 10-K to fully understand factors that may affect the comparability of the information presented below.

As an emerging growth company, we are not required to present selected financial data for any period prior to the earliest audited financial statements presented in connection with our first registration statement that became effective under the Exchange Act. Consequently, we do not present financial data for the years ended December 31, 2016 and 2015 in the table below.

Selected Financial Data	**Year Ended December 31,**		
(in thousands, except per share amounts)	**2019**	**2018**	**2017**
Revenues, net	$ 74,109	$ 21,124	$ 7,743
Net operating loss	(191,444)	(41,133)	(7,047)
Net loss	(195,162)	(32,261)	(9,536)
Net loss attributable to Acreage	(150,268)	(27,483)	(8,543)
Net loss per share attributable Acreage, basic and diluted	(1.74)	(0.41)	(0.19)
Weighted average shares outstanding, basic and diluted	86,185	66,699	45,076

	December 31,	
	2019	**2018**
Total assets	$ 691,677	$ 554,582
Total long-term liabilities	139,730	35,447

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to assist in the understanding and assessing the trends and significant changes in our results of operations and financial condition. Historical results may not be indicative of future performance. This discussion includes forward-looking statements that reflect our plans, estimates and beliefs. Such statements involve risks and uncertainties. Our actual results may differ materially from those contemplated by these forward-looking statements as a result of various factors, including those set forth in "Risk Factors" in Part I, Item 1A and "Cautionary Statement Regarding Forward-Looking Statements" of this Annual Report on Form 10-K.

This MD&A should be read in conjunction with the consolidated financial statements and related notes. Financial information presented in this MD&A is presented in thousands of United States ("U.S.") dollars, unless otherwise indicated.

Overview

Acreage Holdings, Inc. ("Acreage", "we", "our" or the "Company") is one of the United States' largest multi-state operators in the U.S. cannabis industry. Our operations include (i) cultivating cannabis plants, (ii) manufacturing branded consumer products, (iii) distributing cannabis flower and manufactured products, and (iv) retailing high-quality, effective and dosable cannabis products to consumers. We appeal to medical and adult-use customers through brand strategies intended to build trust and loyalty.

Highlights from the year ended December 31, 2019

- We closed our acquisition of Acreage Florida, Inc. effective January 4, 2019. Acreage Florida has a vertically integrated cannabis license in Florida, which allows for growing, processing, and retail dispensary operations in Florida.
- We closed our acquisition of Kanna, Inc., a dispensary license holder in California.
- We closed our acquisition of Form Factory Holdings, LLC ("Form Factory"), a manufacturer and distributor of cannabis-based edibles and beverages.

- We entered into an arrangement agreement giving Canopy Growth Corporation (“Canopy Growth”), a world-leading diversified cannabis and hemp company, the right to acquire 100% of the shares of Acreage, with a requirement to do so at such time as cannabis production and sale become federally legal in the U.S. A payment of $300 million was made to Acreage shareholders upon implementation of the arrangement, which occurred effective June 27, 2019. In addition, Acreage is entitled to use certain of Canopy Growth Corporation’s portfolio of intellectual property on a no-fee basis. Please see Item 1 of this Form 10-K for additional information about the arrangement with Canopy Growth.

- We entered into a definitive agreement to acquire all of the outstanding equity interests in Deep Roots Medical LLC (“Deep Roots”), a vertically integrated cannabis operator in Nevada. We announced the termination of the agreement by Deep Roots on April 3, 2020 following March 31, 2020, the end date for consummating the transaction. The agreement 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 agreement.

- We acquired all remaining interests in NCC LLC (“NCC”), a licensed medicinal dispensary in Illinois. NCC subsequently acquired an adult-use license in February 2020 and is now a licensed adult-use dispensary as well.

- We closed on our definitive agreement to purchase Thames Valley Apothecary, LLC, a licensed dispensary in Connecticut, increasing our footprint to three dispensaries in the state.

- We entered into an agreement to acquire Compassionate Care Foundation, Inc. (“CCF”) on November 15, 2019. CCF is currently a nonprofit medicinal cannabis cultivator and dispenser in New Jersey. Upon the closing of the transaction, CCF’s successor will become a wholly owned subsidiary of High Street.

Operational and Regulation Overview

We believe Acreage’s operations are in material compliance with all applicable state and local laws, regulations and licensing requirements in the states which we operate. However, cannabis is illegal under U.S. federal law. Substantially all our revenue is derived from U.S. cannabis operations. For information about risks related to U.S. cannabis operations, please refer to Item 1A of this Form 10-K.

Results of Operations

The following table presents selected financial data derived from the consolidated financial statements of the Company for the years ended December 31, 2019, 2018 and 2017. The comparative amounts presented for the year ended December 31, 2017 are those of High Street. The selected financial information set out below may not be indicative of the Company’s future performance.

Summary Results of Operations in thousands, except per share amounts	**Year Ended December 31,**			**Better/(Worse) 2019 vs. 2018**		**Better/(Worse) 2018 vs. 2017**	
	2019	2018	2017	$	%	$	%
Revenues, net	$ 74,109	$ 21,124	$ 7,743	$ 52,985	251 %	$ 13,381	173 %
Operating loss	(191,444)	(41,133)	(7,047)	(150,311)	(365)	(34,086)	(484)
Net loss attributable to Acreage	(150,268)	(27,483)	(8,543)	(122,785)	(447)	(18,940)	(222)
Basic and diluted loss per share attributable to Acreage	$ (1.74)	$ (0.41)	$ (0.19)	$ (1.33)	(324)%	$ (0.22)	(116)%

Revenues, net, cost of goods sold and gross profit

The Company derives its revenues from sales of cannabis and cannabis-infused products through retail dispensary, wholesale, manufacturing and cultivation businesses, as well as from management or consulting fees from entities for whom we provide management or consulting services. As of December 31, 2019, Acreage owned and operated five dispensaries in Oregon (three in Portland, one in Eugene and one in Springfield), four in New York (Buffalo, Farmingdale, Middletown, and Queens), three in Connecticut (Bethel, South Windsor and Uncasville), one in Baltimore, Maryland, one in Worcester, Massachusetts, one in Rolling Meadows, Illinois and one in Fargo, North Dakota. Acreage has cultivation facilities in Sinking Spring, Pennsylvania, Sterling, Massachusetts, Syracuse, New York, Freeport, Illinois and Cedar Rapids, Iowa. Acreage also collects management services revenues, substantially all in Maine.

Gross profit is revenue less cost of goods sold. Cost of goods sold include costs directly attributable to inventory sold such as direct material, labor, and overhead. Such costs are further affected by various state regulations that limit the sourcing and

procurement of cannabis and cannabis-related products, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes.

Gross profit				**Better/(Worse)**		**Better/(Worse)**	
in thousands	**Year Ended December 31,**			**2019 vs. 2018**		**2018 vs. 2017**	
	2019	2018	2017	$	%	$	%
Retail revenue, net	$ 54,401	$ 17,475	$ 7,743	$ 36,926	211 %	$ 9,732	126 %
Wholesale revenue, net	18,539	2,969	—	15,570	524	2,969	n/m
Other revenue, net	1,169	680	—	489	72	680	n/m
Total revenues, net	$ 74,109	$ 21,124	$ 7,743	$ 52,985	251 %	$ 13,381	173 %
Cost of goods sold, retail	(33,844)	(10,038)	(4,308)	(23,806)	(237)	(5,730)	(133)
Cost of goods sold, wholesale	(9,821)	(1,666)	—	(8,155)	(489)	(1,666)	n/m
Total cost of goods sold	$ (43,665)	$ (11,704)	$ (4,308)	$ (31,961)	(273)%	$ (7,396)	(172)%
Gross profit	$ 30,444	$ 9,420	$ 3,435	$ 21,024	223 %	$ 5,985	174 %
Gross margin	41%	45%	44%		(4)%		1 %

n/m - Not Meaningful

Year ended December 31, 2019 vs. 2018

The increase in total revenues during the year ended December 31, 2019 was primarily driven by acquisitions, which contributed 183%. Acquisitions drove 198% and 118% of retail and wholesale revenue increases, respectively. The remaining increase in wholesale revenue was primarily driven by our Pennsylvania cultivation facility.

The increase in total cost of goods sold during the year ended December 31, 2019 was primarily driven by acquisitions, which contributed 206%. Acquisitions contributed 217% and 135% to the retail and wholesale costs of goods sold, respectively. The remaining increase in wholesale cost of goods sold was primarily driven by our Pennsylvania cultivation facility.

The increase in gross profit was driven by the factors discussed above. Acquisitions contributed 155% to the increase. Gross margin for the year ended December 31, 2019 was 41.1%, compared to 44.6% for the year ended December 31, 2018.

Excluding Form Factory, the average estimated wholesale price per gram sold during the years ended December 31, 2019 and 2018 was $7.20 and $7.17, respectively. Excluding Form Factory, the average estimated wholesale cost per gram sold during the years ended December 31, 2019 and 2018 was $3.82 and $4.02, respectively.

Year ended December 31, 2018 vs. 2017

The increase in total revenues during the year ended December 31, 2018 was primarily driven by acquisitions, which contributed 120%. Acquisitions drove 111% of retail revenue increase. Substantially all of our wholesale revenue during the year was attributable to the start of cultivation sales in Pennsylvania.

The increase in total cost of goods sold during the year ended December 31, 2018 was primarily driven by acquisitions, which contributed 119% to both total cost of goods sold and retail cost of goods sold. Substantially all of our wholesale cost of goods sold during the year was attributable to the start of cultivation sales in Pennsylvania.

The increase in gross profit was driven by the factors discussed above. Acquisitions contributed 121% to the increase. Gross margin for the year ended December 31, 2018 was 44.6%, compared to 44.4% for the year ended December 31, 2017.

Revenue by geography

While the Company operates under one operating segment, the production and sale of cannabis products, the below revenue breakout by geography is included as management believes it provides relevant and useful information to investors.

Revenue by region				Better/(Worse)		Better/(Worse)	
in thousands	Year Ended December 31,			2019 vs. 2018		2018 vs. 2017	
	2019	2018	2017	$	%	$	%
New England	$ 36,875	$ 9,139	$ —	$ 27,736	303%	$ 9,139	n/m
Mid-Atlantic	19,797	3,122	—	16,675	534	3,122	n/m
Midwest	6,839	20	—	6,819	n/m	20	n/m
West	10,598	8,843	7,743	1,755	20	1,100	14
Total revenues, net	$ 74,109	$ 21,124	$ 7,743	$ 52,985	251%	$ 13,381	173%

n/m - Not Meaningful

Total operating expenses

Total operating expenses consist primarily of compensation expense at our corporate offices as well as operating subsidiaries, professional fees, which includes, but is not limited to, legal and accounting services, depreciation and other general and administrative expenses.

Operating expenses				Better/(Worse)		Better/(Worse)	
in thousands	Year Ended December 31,			2019 vs. 2018		2018 vs. 2017	
	2019	2018	2017	$	%	$	%
General and administrative	$ 56,224	$ 18,647	$ 4,560	$ (37,577)	(202)%	$ (14,087)	(309)%
Compensation expense	42,061	15,356	3,853	(26,705)	(174)	(11,503)	(299)
Equity-based compensation expense	97,538	11,230	1,837	(86,308)	(769)	(9,393)	(511)
Marketing	5,009	1,571	212	(3,438)	(219)	(1,359)	(641)
Loss on impairment	13,463	—	—	(13,463)	n/m	—	n/m
Depreciation and amortization	7,593	3,749	20	(3,844)	(103)	(3,729)	n/m
Total operating expenses	$ 221,888	$ 50,553	$ 10,482	$ (171,335)	(339)%	$ (40,071)	(382)%

n/m - Not Meaningful

Increases to compensation expense during both the years ended December 31, 2019 and 2018 were primarily driven by stock compensation to attract and retain talent and increased headcount to scale our operations. Increases to general and administrative expenses were primarily driven by the increased volume and complexity of services such as legal and other professional services required as the Company's operations increased during the years ended December 31, 2019 and 2018. The Company recognized an impairment loss on certain intangible assets during the year ended December 31, 2019 as a result of our annual impairment testing, primarily due to declines in future cash flow projections at Form Factory and certain management services contracts.

Total other income (loss)

Other income (loss)				Better/(Worse)		Better/(Worse)	
in thousands	Year Ended December 31,			2019 vs. 2018		2018 vs. 2017	
	2019	2018	2017	$	%	$	%
Income (loss) from investments, net	$ (480)	$ 21,777	$ 406	$ (22,257)	n/m	$ 21,371	n/m
Interest income from loans receivable	3,978	1,178	330	2,800	238	848	257
Interest expense	(1,194)	(4,617)	(1,215)	3,423	74	(3,402)	(280)
Other loss, net	(1,033)	(7,930)	(1,040)	6,897	87	(6,890)	(663)
Total other income (loss)	$ 1,271	$ 10,408	$ (1,519)	$ (9,137)	(88)%	$ 11,927	n/m

n/m - Not Meaningful

Year ended December 31, 2019 vs. 2018

The decline in income (loss) from investments, net was due to the roll up of our investments to consolidated subsidiaries during the year ended December 31, 2018. The improvement to other loss, net was driven by increased expenses related to our public listing incurred during the year ended December 31, 2018. The decline in interest expense was due to the conversion of our

convertible notes to equity at the time of our public listing. Interest income from loans receivable increased as our amount of outstanding loans increased.

Year ended December 31, 2018 vs. 2017

The increase in income (loss) from investments, net was primarily driven by the roll up of our investments to consolidated subsidiaries during the year ended December 31, 2018. The increase to other loss, net was driven by increased expenses related to our public listing incurred during the year ended December 31, 2018. The increase in interest expense was driven by convertible notes issued towards the end of 2017, as well as seller's notes issued during 2018. Interest income from loans receivable increased as our amount of outstanding loans increased.

Net loss

Net loss				**Better/(Worse)**		**Better/(Worse)**	
in thousands	**Year Ended December 31,**			**2019 vs. 2018**		**2018 vs. 2017**	
	2019	2018	2017	$	%	$	%
Net loss	$ (195,162)	$ (32,261)	$ (9,536)	$ (162,901)	(505)%	$ (22,725)	(238)%
Less: net loss attributable to non-controlling interests	(44,894)	(4,778)	(993)	(40,116)	(840)	(3,785)	(381)
Net loss attributable to Acreage Holdings, Inc.	$ (150,268)	$ (27,483)	$ (8,543)	$ (122,785)	(447)%	$ (18,940)	(222)%

n/m - Not Meaningful

The increases in net loss are driven by the factors discussed above.

The increase in loss allocated to the non-controlling interests was driven by the shift in ownership structure resulting from the RTO transaction. Certain former High Street members contributed their units in High Street to Acreage Holdings, WC, Inc. ("USCo2") in exchange for non-voting shares of USCo2, and certain executive employees and profits interests holders remained unitholders of High Street. These non-voting shares and units are exchangeable for either one Subordinate Voting Share of the Company or cash, as determined by the Company.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Sources and uses of cash

Our primary uses of capital include acquisitions, capital expenditures, servicing of outstanding debt and operating expense. Our primary sources of capital include funds generated by cannabis sales as well as financing activities. Through December 31, 2019, we have primarily used private financing as a source of liquidity for short-term working capital needs and general corporate purposes. In February 2020, we closed on a financing transaction described in detail in Note 17. Our ability to fund our operations, capital expenditures, acquisitions, and other obligations depends on our future operating performance and ability to obtain financing, which are subject to prevailing economic conditions, as well a financial, business and other factors, some of which are beyond our control.

We expect that our cash on hand and cash flows from operations, along with our ability to obtain private and/or public financing, will be adequate to support the capital needs of the existing operations as well as expansion plans for the next 12 months. While our liquidity risk has increased since our RTO transaction as a result of the Company's rapid growth and continued expansion resulted in negative operating cash flow for the year ended December 31, 2019, we believe we have alleviated the risk. See Item 7A - "*Liquidity Risk*"

Cash flows

Cash and cash equivalents were $26,505 as of December 31, 2019, a decline of $78,438 from December 31, 2018. The following table details the change in cash, cash equivalents and restricted cash for the years ended December 31, 2019, 2018 and 2017.

Cash flows in thousands	**Year Ended December 31,**			**Better/(Worse) 2019 vs. 2018**		**Better/(Worse) 2018 vs. 2017**	
	2019	2018	2017	$	%	$	%
Net cash used in operating activities	$ (70,879)	$ (35,536)	$ (5,557)	$ (35,343)	(99)%	$ (29,979)	(539)%
Net cash used in investing activities	(14,609)	(235,692)	(19,382)	221,083	94	(216,310)	n/m
Net cash provided by financing activities	7,050	359,766	36,143	(352,716)	(98)	323,623	895
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (78,438)	$ 88,538	$ 11,204	$ (166,976)	n/m	$ 77,334	690

n/m - Not Meaningful

Net cash used in operating activities

The increases in cash used in operating activities were primarily driven by an increase in general and administrative and compensation expenses during the years ended December 31, 2019 and 2018.

Net cash used in investing activities

Cash provided by investing activities during the year ended December 31, 2019 was primarily driven by the maturing of short-term investments, which contributed $149,828. Partially offsetting this cash receipt were cash disbursements of $77,617 spent on the advanced payments and purchases of cannabis license holders and management contracts, $47,085 spent on capital expenditures to build out our owned operations and $35,981 advanced to entities, net of collections, with which we have a management or consulting services arrangement.

Cash used in investing activities during the year ended December 31, 2018 was primarily driven by the purchase of $148,684 in short-term investments, $61,267 spent on the advanced payments and purchases of cannabis license holders and management contracts, $22,351 spent on capital expenditures to build out our owned operations, and $10,964 advanced to entities, net of collections, with which we have a management or consulting services arrangement. Proceeds of $9,634 related to the sale of an investment partially offset these outflows.

Cash used in investing activities during the year ended December 31, 2017 was primarily driven by $10,985 spent on long-term investments, $4,704 spent on capital expenditures to build out our owned operations and $3,823 advanced to entities with which we have a management or consulting services arrangement.

Net cash provided by financing activities

Cash provided by financing activities during the year ended December 31, 2019 was primarily driven by proceeds from financing of $19,052 related to sale-leaseback transactions that were subsequently classified as finance leases and $15,000 in proceeds from short-term related party debt, partially offset by $12,333 in debt repayments and $10,306 paid to settle taxes withheld.

Cash provided by financing activities during the year ended December 31, 2018 was primarily driven by $298,644 in net proceeds from the private placement that preceded the RTO and $116,890 in net proceeds from our Series E funding round. Partially offsetting these proceeds were payments of $21,054 to settle tax obligations on behalf of certain investors, $19,643 used to purchase additional ownership in non-controlling interests and $17,838 in debt repayments.

Cash provided by financing activities during the year ended December 31, 2017 was primarily driven by $29,701 in net proceeds from the issuance of convertible notes.

Capital Resources

Capital structure and debt

Our debt outstanding as of December 31, 2019 and 2018 is as follows:

Debt balances	**December 31, 2019**	**December 31, 2018**
NCCRE loan	$ 492	$ 511
Seller's notes	2,810	15,124
Related party debt	15,000	—
Financing liability	19,052	—
Finance lease liabilities	6,132	—
Total debt	**$ 43,486**	**$ 15,635**
Less: current portion of debt	15,300	15,144
Total long-term debt	**$ 28,186**	**$ 491**

Commitments and contingencies

Commitments

The Company provides revolving lines of credit to several of its portfolio companies. Refer to Note 6 for further information.

Definitive agreements

On April 17, 2019, the Company entered into a definitive agreement to acquire Deep Roots, a vertically integrated license holder in Nevada, for consideration of 4,762 High Street units (valued at approximately $28,191 based on the December 31, 2019 closing price of $5.92 per share) and $20,000 in cash. We announced the termination of the agreement by Deep Roots on April 3, 2020 following March 31, 2020, the end date for consummating the transaction. The agreement 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 agreement.

During the year ended December 31, 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, Inc., a non-profit cultivation and processing facility in Rhode Island, for cash consideration of $10,000. The agreement terminated in April 2020.

Canopy Growth

On June 19, 2019, the shareholders of the Company and of Canopy Growth Corporation ("Canopy Growth") separately approved the proposed transaction between the two companies, and on June 21, 2019, the Supreme Court of British Columbia granted a final order approving the arrangement. Effective June 27, 2019, the articles of the Company were amended to provide Canopy Growth with the option (the "Canopy Growth Call Option") to acquire all of the issued and outstanding shares in the capital of the Company (each, an "Acreage Share"), 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"). Holders of Acreage Shares and certain securities convertible or exchangeable into Class A subordinate voting shares of Acreage (the "Subordinate Voting Shares") as of the close of business on June 26, 2019, received approximately $2.63, being their pro rata portion (on an as converted to Subordinate Voting Share basis) of US$300,000,000 (the "Option Premium") paid by Canopy Growth to such persons as consideration for granting the Canopy Growth Call Option. The Option Premium was distributed to such holders of record on or before July 3, 2019.

Upon the occurrence of the Triggering Event, Canopy Growth is required to exercise the Canopy Growth Call Option and, subject to the satisfaction or waiver of the conditions to closing set out in the Arrangement Agreement, acquire (the "Acquisition") each of the Subordinate Voting Shares of Acreage (following the automatic conversion of the Class B proportionate voting shares and Class C multiple voting shares of Acreage into Subordinate Voting Shares) for the payment of 0.5818 of a common share of Canopy Growth (each whole common share, a "Canopy Growth Share") per Subordinate Voting Share (subject to adjustment in accordance with the terms of the Arrangement Agreement) (the "Exchange Ratio").

High Street unit holders will be required to convert their units within three years following the closing of the Arrangement as will holders of non-voting shares of USCo2.

The Company will be permitted to issue up to an additional 58 million Subordinate Voting Shares (of which approximately 51 million remain available for issuance as of December 31, 2019) without any adjustment being required to the Exchange Ratio. The Exchange Ratio is subject to adjustment in the circumstances set out in the Arrangement Agreement.

Surety bonds

The Company has indemnification obligations with respect to surety bonds primarily used as security against non-performance in the amount of $5,000 as of December 31, 2019, for which no liabilities are recorded as of December 31, 2019.

The Company is subject to other capital commitments and similar obligations. As of December 31, 2019 and 2018, such amounts were not material.

Contingencies

As of December 31, 2019, the Company has consulting fees payable in Subordinate Voting Shares up to a maximum of $8,750, which are contingent upon successful acquisition of certain state cannabis licenses. No reserve for the contingency has been recorded as of December 31, 2019.

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 of December 31, 2019, 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 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.

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 State Holdings LLC, NY Medicinal Research & Caring, LLC (each, a wholly-owned subsidiary of High Street) and High Street. 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 High Street. 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. High Street intends to vigorously defend this action, which the Company firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by High Street. High Street 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. The defendants filed a motion to dismiss on April 1, 2019. The motion was fully briefed and submitted to the Court on July 18, 2019, and oral argument was heard on September 6, 2019. The motion remains pending before the Court.

Contractual obligations

Our contractual obligations include amounts reflected on our balance sheet, as well as off-balance sheet arrangements. As of December 31, 2019, our significant contractual arrangements were as follows:

Contractual obligations

in thousands	Total	Less than 1 year	1-3 years	3-5 years	5+ years
Off-balance sheet arrangements					
Purchase obligations	$ —				
On-balance sheet arrangements					
Operating lease obligations	88,269	7,329	15,919	15,100	49,921
Finance lease obligations	23,188	832	1,766	1,850	18,740
Long-term debt	37,354	15,251	3,051	—	19,052
Other long-term liabilities [(1)]	25	—	25	—	—
Total	**$ 148,836**	**$ 23,412**	**$ 20,761**	**$ 16,950**	**$ 87,713**

(1) Excludes deferred tax liability

Critical accounting policies and estimates

The preparation of financial statements in conformity with GAAP 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 evaluated on an ongoing basis and are based on historical experience and other assumptions that we believe are reasonable.

The estimates and assumptions management believes could have a significant impact on our financial statements are discussed below. For a summary of our significant accounting policies, refer to Note 2 of the Consolidated Financial Statements.

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.

Business combinations

The Company must assess whether an entity being purchased constitutes a business, which requires an assessment of inputs and processes in place at the acquiree. The fair value of assets acquired and liabilities assumed requires management to make significant estimates. Judgment 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 equity-method investments (if the Company has significant influence) or as investments held at fair value with changes recognized through net income (if the Company has no significant influence). Refer to Note 3 and Note 4 of the Consolidated Financial Statements for further discussion.

Impairment on notes receivable

At each reporting date the Company assesses whether the credit risk on its promissory notes receivable has increased significantly since initial recognition.

Impairment of intangible 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. Finite-lived intangible assets and other long-lived assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Indefinite-lived and long-lived intangible assets are tested at the individual business unit level, which is the lowest level for which identifiable cash flows are largely independent of other assets and liabilities. In testing for impairment, indefinite-lived intangibles and long-lived intangible assets are tested before goodwill. Indefinite-lived intangibles, long-lived assets and goodwill are first assessed qualitatively to determine whether it is more likely than not that the asset is impaired.

If it is determined qualitatively that an asset is likely impaired, a quantitative assessment will be performed. Indefinite-lived intangible assets are assessed quantitatively by determining the present value of discounted cash flows and comparing it to the carrying amount of such assets. Finite-lived intangible assets and other long-lived assets are tested for impairment by determining the undiscounted cash flows expected from the use and eventual disposition of the asset, and comparing it to its carrying amount. Goodwill is tested quantitatively by determining the fair value of the reporting unit and comparing it to the carrying amount, including goodwill, of the reporting unit. If the fair value is greater than the reporting unit’s carrying value, the goodwill is not deemed impaired. If the fair value is less than the carrying amount, the implied fair value of goodwill must be determined to compare to the carrying value of the goodwill.

As of December 31, 2019, our goodwill held at our single reportable segment was $105,757.

The Company estimated the recoverable amounts of goodwill and indefinite-lived intangible assets by estimating the higher of their fair value less costs of disposal and value in use, which are Level 3 measurements within the fair value hierarchy. The key assumptions that drove management's determination of the recoverable amounts of the cash generating units (“CGUs”) were:

- Revenue multiples of comparable industry peers.
- Expected cash flows underlying our business plans for the periods 2020 through 2024.
- Cash flows beyond 2024 are projected to grow at a perpetual growth rate, which was estimated to be 1%.
- In order to risk-adjust the cash flow projections in determining value in use, we utilized an after-tax discount rate of approximately 11.8%.

Management assigned value to each input based on past experience and industry expectations. The test performed as of December 31, 2019 resulted in the impairment of certain finite and indefinite-lived intangible assets. Refer to Note 4 of the consolidated financial statements for further information. The Company does not believe a slight change in the key assumptions would cause the recoverable amount of any non-impaired CGU to fall below its carrying amount.

Emerging growth company status

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this exemption from new or revised accounting standards and, therefore, we will be not subject to the same new or revised accounting standards as other public companies that have made this election.

For as long as we continue to be an emerging growth company, we intend to take advantage of certain other exemptions from various reporting requirements that are applicable to other public companies including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our subordinate voting shares less attractive because we will rely on these exemptions. If some investors find our subordinate voting shares less attractive as a result, there may be a less active trading market for our subordinate voting shares and our stock price may be more volatile.

We will remain an emerging growth company until the earliest of (i) the last day of the year in which we have total annual gross revenue of $1.07 billion or more; (ii) the last day of the year following the fifth anniversary of the first sale of common equity securities pursuant to an effective registration under the Securities Act; (iii) the date on which we have issued more than $1.0 billion

in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

Regulatory Disclosures

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) - *Issuers with U.S. Marijuana-Related Activities*, we have provided in Item 1 a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently involved, through High Street , in the cannabis industry. See Item 1 - *Regulatory Framework*.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

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
The Company's exposure to non-payment or non-performance by its counterparties is a credit risk. The maximum credit exposure as of December 31, 2019 is the carrying amount of cash and cash equivalents, restricted cash, and accounts, notes and other receivables. The Company does not have significant credit risk with respect to customers. The Company mitigates its credit risk on its notes and other receivables by securing collateral, such as capital assets, and by its review of the counterparties and their businesses. 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. The Company determined expected credit losses to be immaterial due to collateral held. Analysis of collateral held and future expected cash flows within the cannabis industry were considered in its expected credit loss assessment.

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 endeavors to ensure that there is sufficient liquidity in order to meet short-term business requirements, after taking into account the Company's cash holdings. As of December 31, 2019, the Company's financial liabilities consist of accounts payable and accrued liabilities, lease liabilities and long-term debt. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis.

As reflected in the Consolidated Financial Statements, the Company had an accumulated deficit and a negative net working capital (current liabilities greater than current assets) as of December 31, 2019, as well as a net loss and negative cash flow from operating activities for the reporting period then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern for at least one year from the issuance of these financial statements.

However, management believes that substantial doubt of our ability to meet our obligations for the next twelve months from the date these financial statements were first made available has been alleviated due to, but not limited to, (i) capital raised between January and March 2020, (ii) access to future capital commitments (see Note 17 of the Consolidated Financial Statements), (iii) continued sales growth from our consolidated operations, (iv) latitude as to the timing and amount of certain operating expenses as well as capital expenditures, (v) restructuring plans that have already been put in place to improve the Company's profitability, and (vi) the Standby Equity Distribution Agreement described in Note 17 of the Consolidated Financial Statements.

If the Company is unable to raise additional capital whenever necessary, it may be forced to decelerate or curtail its footprint buildout or other operational activities until such time as additional capital becomes available. Such limitation of the Company's activities would allow it to slow its rate of spending and extend its use of cash until additional capital is raised. However, management cannot provide any assurances that we will be successful in accomplishing any of our plans. Management also cannot provide any assurance as to unforeseen circumstances that could occur at any time within the next twelve months or thereafter which could increase our need to raise additional capital on an immediate basis.

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.

In addition, the Company maintains cash with various U.S. banks and credit unions with balances in excess of the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund limits, respectively. The failure of a bank or credit union where the Company has significant deposits could result in a loss of a portion of such cash balances in excess of the insured limit, which could materially and adversely affect the Company's business, financial condition, results of operations and the market price of the Company's Subordinate Voting Shares.

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 cash flow 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 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 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, 2019.

As reflected in the Consolidated Financial Statements, the Company had an accumulated deficit and a negative net working capital (current liabilities greater than current assets) as of December 31, 2019, as well as a net loss and negative cash used in operating activities for the reporting period then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern for at least one year from the issuance of these financial statements.

However, management believes that substantial doubt of our ability to meet our obligations for the next twelve months from the date these financial statements were first made available has been alleviated due to, but not limited to, (i) capital raised between January and March 2020, (ii) access to future capital commitments (see Note 17 of the Consolidated Financial Statements), (iii) continued sales growth from our consolidated operations, (iv) latitude as to the timing and amount of certain operating expenses as well as capital expenditures, (v) restructuring plans that have already been put in place to improve the Company's profitability, and (vi) the Standby Equity Distribution Agreement described in Note 17 of the Consolidated Financial Statements.

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Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Acreage Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Acreage Holdings, Inc. (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases, effective January 1, 2019, due to the adoption of the guidance in Accounting Standards Codification Topic 842, Leases.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2019.

New York, NY
May 29, 2020

ACREAGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands)	December 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	$ 26,505	$ 104,943
Restricted cash	95	95
Short-term investments	—	149,090
Inventory	18,083	8,857
Notes receivable, current	2,146	3,114
Other current assets	8,506	2,716
Total current assets	55,335	268,815
Long-term investments	4,499	3,844
Notes receivable, non-current	79,479	27,431
Capital assets, net	106,047	45,043
Operating lease right-of-use assets	51,950	—
Intangible assets, net	285,972	153,953
Goodwill	105,757	32,116
Deferred acquisition costs and deposits	—	22,100
Other non-current assets	2,638	1,280
Total non-current assets	636,342	285,767
TOTAL ASSETS	$ 691,677	$ 554,582
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$ 32,459	$ 5,337
Taxes payable	4,740	962
Interest payable	291	541
Operating lease liability, current	2,759	—
Debt, current	15,300	15,144
Other current liabilities	1,604	10,875
Total current liabilities	57,153	32,859
Debt, non-current	28,186	491
Operating lease liability, non-current	47,522	—
Deferred tax liability	63,997	33,827
Other liabilities	25	1,129
Total non-current liabilities	139,730	35,447
TOTAL LIABILITIES	196,883	68,306
Commitments and contingencies (Note 13)		
Common stock, no par value (Note 11) - unlimited authorized, 90,646 and 79,164 issued and outstanding, respectively	—	—
Additional paid-in capital	615,678	414,757
Treasury stock, 842 SVS held in treasury	(21,054)	(21,054)
Accumulated deficit	(188,617)	(38,349)
Total Acreage Shareholders' equity	406,007	355,354
Non-controlling interests	88,787	130,922
TOTAL EQUITY	494,794	486,276
TOTAL LIABILITIES AND EQUITY	$ 691,677	$ 554,582

See accompanying notes to Consolidated Financial Statements

ACREAGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)	Year Ended December 31, 2019	2018	2017
Retail revenue, net	$ 54,401	$ 17,475	$ 7,743
Wholesale revenue, net	18,539	2,969	—
Other revenue, net	1,169	680	—
Total revenues, net	74,109	21,124	7,743
Cost of goods sold, retail	(33,844)	(10,038)	(4,308)
Cost of goods sold, wholesale	(9,821)	(1,666)	—
Total cost of goods sold	(43,665)	(11,704)	(4,308)
Gross profit	30,444	9,420	3,435
OPERATING EXPENSES			
General and administrative	56,224	18,647	4,560
Compensation expense	42,061	15,356	3,853
Equity-based compensation expense	97,538	11,230	1,837
Marketing	5,009	1,571	212
Loss on impairment	13,463	—	—
Depreciation and amortization	7,593	3,749	20
Total operating expenses	221,888	50,553	10,482
Net operating loss	$ (191,444)	$ (41,133)	$ (7,047)
Income (loss) from investments, net	(480)	21,777	406
Interest income from loans receivable	3,978	1,178	330
Interest expense	(1,194)	(4,617)	(1,215)
Other loss, net	(1,033)	(7,930)	(1,040)
Total other income (loss)	1,271	10,408	(1,519)
Loss before income taxes	$ (190,173)	$ (30,725)	$ (8,566)
Income tax expense	(4,989)	(1,536)	(970)
Net loss	$ (195,162)	$ (32,261)	$ (9,536)
Less: net loss attributable to non-controlling interests	(44,894)	(4,778)	(993)
Net loss attributable to Acreage Holdings, Inc.	$ (150,268)	$ (27,483)	$ (8,543)
Net loss per share attributable to Acreage Holdings, Inc. - basic and diluted:	$ (1.74)	$ (0.41)	$ (0.19)
Weighted average shares outstanding - basic and diluted	86,185	66,699	45,076

See accompanying notes to Consolidated Financial Statements

ACREAGE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)	LLC Membership Units	Pubco Shares (as converted)	Attributable to shareholders of the parent: Share Capital	Treasury Stock	Accumulated Deficit	Shareholders' Equity	Non-controlling Interests	Total Equity
December 31, 2016	**40,000**	**—**	**$ 26,697**	**$ —**	**$ (2,318)**	**$ 24,379**	**$ 4,562**	**$ 28,941**
Issuance of Class C units for in-kind contributions	6,000	—	630	—	—	630	—	630
Interest expense settled with PIK units	125	—	605	—	—	605	—	605
Capital contributions, net	—	—	—	—	—	—	6,461	6,461
Equity-based compensation expense and related issuances	3,250	—	1,522	—	—	1,522	—	1,522
Net loss	—	—	—	—	(8,543)	(8,543)	(993)	(9,536)
December 31, 2017	**49,375**	**—**	**29,454**	**—**	**(10,861)**	**18,593**	**10,030**	**28,623**
Issuance of Class D units	17,018	—	105,514	—	—	105,514	—	105,514
Issuance of Class E units, net	19,352	—	116,124	—	—	116,124	—	116,124
Interest expense settled with PIK units	330	66	1,912	—	—	1,912	—	1,912
Conversion of notes to equity	6,473	—	30,759	—	—	30,759	—	30,759
Issuance of warrants	—	—	3,285	—	—	3,285	—	3,285
Issuance of Pubco shares in redemption of membership units	(66,820)	65,978	280	(21,054)	—	(20,774)	—	(20,774)
RTO-related issuances, net	—	12,626	298,004	—	—	298,004	—	298,004
Formation of NCI at RTO and adjustments for changes in ownership	(27,340)	—	(133,943)	—	—	(133,943)	133,943	—
Establishment of deferred tax liability due to RTO	—	—	(30,175)	—	—	(30,175)	—	(30,175)
Capital contributions, net	—	—	—	—	—	—	2,767	2,767
Increase in non-controlling interests from business acquisitions	—	—	—	—	—	—	7,241	7,241
Purchase of non-controlling interests	—	—	(21,798)	—	—	(21,798)	(12,305)	(34,103)
Other equity transactions	—	398	4,426	—	(5)	4,421	(5,976)	(1,555)
Equity-based compensation expense and related issuances	1,612	96	10,915	—	—	10,915	—	10,915
Net loss	—	—	—	—	(27,483)	(27,483)	(4,778)	(32,261)
December 31, 2018	**—**	**79,164**	**$ 414,757**	**$(21,054)**	**$ (38,349)**	**$ 355,354**	**$ 130,922**	**$ 486,276**
Issuances for business acquisitions/purchases of intangible assets	—	5,364	104,748	—	—	104,748	4,356	109,104
NCI adjustments for changes in ownership	—	2,784	(2,766)	—	—	(2,766)	2,766	—
Capital distributions, net	—	—	—	—	—	—	(4,363)	(4,363)
Other equity transactions	—	589	11,707	—	—	11,707	—	11,707
Equity-based compensation expense and related issuances	—	2,745	87,232	—	—	87,232	—	87,232
Net loss	—	—	—	—	(150,268)	(150,268)	(44,894)	(195,162)
December 31, 2019	**—**	**90,646**	**$ 615,678**	**$(21,054)**	**$ (188,617)**	**$ 406,007**	**$ 88,787**	**$ 494,794**

See accompanying notes to Consolidated Financial Statements

ACREAGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (195,162)	$ (32,261)	$ (9,536)
Adjustments for:			
Depreciation and amortization	7,593	3,749	20
Equity-settled expenses, including compensation	102,898	19,360	1,837
Gain on sale of investment	—	(1,500)	—
Loss on disposal of capital assets	363	—	—
Loss on impairment	13,463	—	—
Non-cash interest expense	67	2,838	737
Non-cash operating lease expense	1,684	—	—
Deferred tax (income) expense	(3,844)	(56)	—
Non-cash (income) loss from investments, net	1,272	(19,340)	(255)
Other non-cash (income) expense, net	(2,394)	469	4
Change, net of acquisitions in:			
Inventory	(6,941)	(3,641)	(155)
Other assets	(5,053)	(3,075)	(503)
Interest receivable	(4,002)	(1,208)	(258)
Accounts payable and accrued liabilities	17,217	95	1,503
Taxes payable	3,778	(152)	705
Interest payable	(250)	398	143
Other liabilities	(1,568)	(1,212)	201
Net cash used in operating activities	$ (70,879)	$ (35,536)	$ (5,557)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of capital assets	$ (47,085)	$ (22,351)	$ (4,704)
Investments in notes receivable	(39,145)	(15,483)	(3,823)
Collection of notes receivable	3,164	4,519	—
Cash paid for long-term investments	(4,158)	(2,201)	(10,985)
Proceeds from sale of investment	—	9,634	—
Proceeds from sale of capital assets	172	—	—
Business acquisitions, net of cash acquired	(21,205)	(32,147)	—
Purchases of intangible assets	(58,488)	(6,445)	(200)
Deferred acquisition costs and deposits	2,076	(22,675)	—
Distributions from investments	232	141	330
Proceeds from (purchase of) short-term investments	149,828	(148,684)	—
Net cash used in investing activities	$ (14,609)	$ (235,692)	$ (19,382)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from related party debt	$ 15,000	$ —	$ —
Proceeds from financing	19,052	—	—
Proceeds from issuance of membership units, net	—	116,890	—
Proceeds from issuance of subscription receipts, net	—	298,644	—
Proceeds from convertible note, net of deferred costs	—	—	29,701
Settlement of taxes withheld	(10,306)	(21,054)	—
Purchase of non-controlling interest	—	(19,643)	—
Repayment of debt	(12,333)	(17,838)	(19)
Capital contributions (distributions) - non-controlling interests, net	(4,363)	2,767	6,461
Net cash provided by financing activities	$ 7,050	$ 359,766	$ 36,143
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (78,438)	$ 88,538	$ 11,204
Cash, cash equivalents and restricted cash - Beginning of period	105,038	16,500	5,296
Cash, cash equivalents and restricted cash - End of period	$ 26,600	$ 105,038	$ 16,500

See accompanying notes to Consolidated Financial Statements

ACREAGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31, 2019	2018	2017
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid - non-lease	$ 685	$ 1,381	$ 335
Income taxes paid	4,555	1,744	101
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Capital assets not yet paid for	$ 8,188	$ 393	$ 5,717
Issuance of Class D units for land	—	2,600	—
Issuance of SVS for operating lease	3,353	—	—

See accompanying notes to Consolidated Financial Statements

1. NATURE OF OPERATIONS

Acreage Holdings, Inc. (the "Company", "Pubco" or "Acreage") was originally incorporated under the Business Corporations Act (Ontario) on July 12, 1989 as Applied Inventions Management Inc. On August 29, 2014, the Company changed its name to Applied Inventions Management Corp. The Company continued into British Columbia and changed its name to Acreage Holdings, Inc. on November 9, 2018. The Company's Subordinate Voting Shares are listed on the Canadian Securities Exchange under the symbol "ACRG.U", quoted on the OTCQX under the symbol "ACRGF" and traded on the Frankfurt Stock Exchange under the symbol "0VZ". The Company owns, manages and operates cannabis cultivation facilities, dispensaries and other cannabis-related companies across the United States ("U.S.").

High Street Capital Partners, LLC, a Delaware limited liability company doing business as Acreage Holdings ("HSCP"), was formed on April 29, 2014. The Company became the indirect parent of HSCP on November 14, 2018 in connection with a reverse takeover ("RTO") transaction described below.

The comparative amounts presented for the year ended December 31, 2017 are those of HSCP.

The Company's corporate office and principal place of business is located at 366 Madison Avenue, 11th Floor, New York, New York in the U.S. The Company's registered and records office address is Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia in Canada.

The RTO transaction

On September 21, 2018, the Company, HSCP, HSCP Merger Corp. (a wholly-owned subsidiary of Pubco) ("Subco"), Acreage Finco B.C. Ltd. (a special purpose corporation) ("Finco"), Acreage Holdings America, Inc. ("USCo") and Acreage Holdings WC, Inc. ("USCo2") entered into a combination agreement (the "Agreement") whereby the parties agreed to combine their respective businesses, which would result in the reverse takeover of Pubco by the security holders of HSCP, which was deemed to be the accounting acquiror. On November 14, 2018, the parties to the Agreement completed the RTO. The RTO 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 Agreement, Pubco changed its name from "Applied Inventions Management Corp." to "Acreage Holdings, Inc." On November 15, 2018, Pubco's SVS were listed and began trading on the Canadian Securities Exchange under ticker symbol "ACRG.U".

Immediately prior to the completion of the RTO, 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 $314,000 (the "Financing"). In connection with the Financing, 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 certain subscribers) and a financial advisory fee in the amount of $3,000 in connection with the non-brokered portion of the Financing. As additional consideration, the Agents were granted broker warrants 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 broker warrants was reduced to 1.5% in respect of sales to certain subscribers). Upon completion of the RTO, each compensation option issued by Finco was exchanged for an equal number of broker warrants of Pubco, each of which is exercisable for one Subordinate Voting Share of 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 RTO, 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 SVS of 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 Pubco. Refer to Note 11 for further discussion.

Canopy Growth Corporation transaction

On June 27, 2019, the Company and Canopy Growth Corporation ("Canopy Growth" or "CGC") finalized an Arrangement Agreement wherein Canopy Growth was granted an option to acquire all outstanding shares of the Company, with a requirement to do so upon the occurrence of a Triggering Event. Refer to Note 13 for further discussion.

COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") emerged in Wuhan, China. Since then, it has spread to several other countries and infections have been reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic.

In response to the outbreak, governmental authorities in the United States, Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 in the United States, Canada and globally could have an adverse impact on our business, operations and financial results, including through disruptions in our cultivation and processing activities, supply chains and sales channels, as well as a deterioration of general economic conditions including a possible national or global recession. Shelter-in-place orders and social distancing practices designed to limit the spread of COVID-19 may affect our retail business. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on our business, operations or financial results; however, the impact could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and going concern

The accompanying consolidated financial statements have been prepared on a going concern basis which implies we will continue to meet our obligations for the next twelve months as of the date these financial statements are issued.

As reflected in the financial statements, the Company had an accumulated deficit and a negative net working capital (current liabilities greater than current assets) as of December 31, 2019, as well as a net loss and negative cash flow from operating activities for the reporting period then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern for at least one year from the issuance of these financial statements.

However, management believes that substantial doubt of our ability to meet our obligations for the next twelve months from the date these financial statements were issued has been alleviated due to, but not limited to, (i) capital raised between January and March 2020, (ii) access to future capital commitments (see Note 17), (iii) continued sales growth from our consolidated operations, (iv) latitude as to the timing and amount of certain operating expenses as well as capital expenditures, (v) restructuring plans that have already been put in place to improve the Company's profitability, and (vi) the Standby Equity Distribution Agreement described in Note 17 of the Consolidated Financial Statements.

If the Company is unable to raise additional capital whenever necessary, it may be forced to decelerate or curtail its footprint buildout or other operational activities until such time as additional capital becomes available. Such limitation of the Company's activities would allow it to slow its rate of spending and extend its use of cash until additional capital is raised. However, management cannot provide any assurances that we will be successful in accomplishing any of our plans. Management also cannot provide any assurance as to unforeseen circumstances that could occur at any time within the next twelve months or thereafter which could increase our need to raise additional capital on an immediate basis.

Use of estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Preparation of financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the dates presented and the reported amounts of revenues and expenses during the periods presented. Significant estimates inherent in the preparation of the accompanying consolidated financial statements include the fair value of assets acquired and liabilities assumed in business combinations, assumptions relating to equity-based compensation expense, estimated useful lives for property, plant and equipment and intangible assets, the valuation allowance against deferred tax assets and the assessment of potential impairment charges on goodwill, intangible assets and investments in equity and notes receivable.

Emerging growth company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies.

Functional and presentation currency
The consolidated financial statements and the accompanying notes are expressed in U.S. dollars. Financial metrics are presented in thousands. Other metrics, such as shares outstanding, are presented in thousands unless otherwise noted.

Basis of consolidation
Our consolidated financial statements include the accounts of Acreage, its subsidiaries and variable interest entities ("VIEs") where we are considered the primary beneficiary, if any, after elimination of intercompany accounts and transactions. Investments in business entities in which Acreage lacks control but is able to exercise significant influence over operating and financial policies are accounted for using the equity method. Our proportionate share of net income or loss of the entity is recorded in *Income (loss) from investments, net* in the Consolidated Statements of Operations.

VIEs
In determining whether we are the primary beneficiary of a VIE, we assess whether we have the power to direct matters that most significantly impact the activities of the VIE and have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. There were no material consolidated VIEs as of December 31, 2019 or 2018.

Non-controlling interests ("NCI")
Non-controlling interests represent ownership interests in consolidated subsidiaries by parties that are not shareholders of Pubco. They are shown as a component of *Total equity* in the Consolidated Statements of Financial Position, and the share of loss attributable to non-controlling interests is shown as a component of *Net loss* in the Consolidated Statements of Operations. Changes in the parent company's ownership that do not result in a loss of control are accounted for as equity transactions.

Cash and cash equivalents
The Company defines cash equivalents as highly liquid investments held for the purpose of meeting short-term cash commitments that are readily convertible into known amounts of cash, with original maturities of three months or less. The Company maintains cash with various U.S. banks and credit unions with balances in excess of the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund limits, respectively. The failure of a bank or credit union where the Company has significant deposits could result in a loss of a portion of such cash balances in excess of the insured limit, which could materially and adversely affect the Company's business, financial condition, results of operations and the market price of the Company's Subordinate Voting Shares.

Restricted cash
Restricted cash represents funds contractually held for specific purposes and, as such, not available for general corporate purposes.

Investments
The Company classifies its short-term investments in debt securities as held-to-maturity and accounts for them at amortized cost. Due to the short maturities, the carrying value approximates fair value. Refer to Note 5 for more information.

The Company accounts for long-term equity investments in which we are able to exercise significant influence, but do not have control over, using the equity method.

On January 1, 2018, we early adopted Accounting Standards Update ("ASU") 2016-01 - *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which, among other provisions, requires the equity investments not accounted for using the equity method to be carried at fair value, with changes recognized in net income ("FV-NI"). For investments not accounted for using the equity method without a readily determinable fair value, a measurement alternative is available, allowing measurement at cost, less any impairment plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. There was no change to the Company's accounting for investments, as it elected the measurement alternative for all former cost method investments. Refer to Note 5 for further discussion.

Inventory
The Company's inventories include the direct costs of seeds and growing materials, indirect costs such as utilities, labor, depreciation and overhead costs, and subsequent costs to prepare the products for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and labor. All direct and indirect costs related to inventory are capitalized when they are incurred, and they are subsequently classified to *Cost of goods sold* in the Consolidated Statements of Operations. Inventory is valued at the lower of cost and net realizable value, defined as estimated selling price in the ordinary cost of business, less costs of disposal. The Company measures inventory cost using specific identification for its retail inventory and the average cost method for its cultivation inventory.

Fair value of financial instruments
The Company accounts for assets and liabilities measured at fair value on a recurring basis in accordance with ASC 820 - *Fair Value Measurements.* ASC 820 utilizes 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

There were no material transfers in or out of Level 3 during the years ended December 31, 2019, 2018 and 2017. The Company did not have any liabilities measured at fair value on a recurring basis as of December 31, 2019 and 2018. The Company's has Level 3 assets in equity-method investments and investments carried at FV-NI utilizing net asset value per share. Changes in fair value measurements categorized in Level 3 of the fair value hierarchy are analyzed each reporting period based on changes in estimates or assumptions and recorded as appropriate.

Notes receivable
The Company provides financing to various related and non-related businesses within the cannabis industry. These notes are classified as held for investment and are accounted for as financial instruments in accordance with ASC 310. The Company recognizes impairment on notes receivable when, based on all available information, it is probable that a loss has been incurred based on past events and conditions existing at the date of the financial statements. No impairment losses were recognized in the years ended December 31, 2019 or 2018.

Capital assets
Capital assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Land and construction in process are not depreciated. Depreciation is calculated using the straight-line method for all other asset classes. The estimated useful life of buildings range from 10 to 40 years, and the estimated useful life of furniture, fixtures and equipment range from 3 to 10 years. Leasehold improvements are amortized using the straight-line method over the shorter of their useful lives or the life of the lease. Repair and maintenance costs are expensed as incurred. When capital assets are disposed of, the related cost and accumulated depreciation are removed and a gain or loss is included in the Consolidated Statements of Operations.

Leases
On January 1, 2019, the Company early adopted ASU 2016-02 Leases (Topic 842) using the modified retrospective approach. The Company elected the package of practical expedients contained in the new standard which, among other provisions, allows companies to retain existing lease classification under Topic 840 at transition. As such, there will be minimal impact on the Company's Consolidated Statement of Operations. The Company has also made an accounting policy election to not recognize right of use assets or lease liabilities for leases with an initial term of 12 months or less, and to continue recognizing the related expense in the Consolidated Statement of Operations on a straight-line basis over the lease term. Sale-leasebacks are assessed to determine whether a sale has occurred under ASC 606. If a sale is determined not to have occurred, the underlying "sold" assets are not derecognized and a financing liability is established in the amount of cash received. At such time that the lease expires, the assets are then derecognized along with the financing liability, with a gain recognized on disposal for the difference between the two amounts, if any.

On the date of adoption, the Company recognized right of use assets and lease liabilities on its Consolidated Balance Sheet, which reflect the present value of the Company's current minimum lease payments over the lease terms, which include options that are reasonably certain to be exercised, discounted using the Company's incremental borrowing rate. Refer to Note 8 for further discussion.

Intangible assets
Intangible assets such as management contracts are amortized over their estimated useful lives, while indefinite-lived intangibles such as cannabis licenses are not amortized.

Convertible debt
The Company assesses its financial instruments for embedded features that may require bifurcation from their host. If the embedded features do not meet the criteria for bifurcation, the convertible instrument is accounted for as a single hybrid instrument.

Business combinations

The Company's growth strategy includes acquisition of retail, cultivation, processing and other cannabis related companies, the primary purpose of which is to continue to build a diversified portfolio of assets in the U.S. cannabis sector. These business combinations are accounted for using the acquisition method on the date that control is transferred. The consideration transferred in the acquisition is measured at fair value, along with identifiable net assets acquired. Subordinate Voting Shares issued are valued based on the closing price on the Canadian Securities Exchange. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets or liabilities of an acquired business and represents expected synergies associated with the acquisition such as the benefits of assembled workforces, expected earnings and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Based on the Company's tax status discussed below, goodwill is not expected to be deductible for income tax purposes. A bargain purchase gain is recognized when the excess of the purchase price over the fair value of the net identifiable assets or liabilities acquired 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. The Company measures non-controlling interests acquired, if any, at acquisition date fair value.

Impairment of long-lived 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. Goodwill and indefinite-lived intangible assets are tested at the individual business level. The Company may first assess qualitative factors and, if it determines it is more likely than not that the fair value is less than the carrying value, then proceed to a quantitative test if necessary.

Finite-lived intangible assets and other long-lived assets are tested for impairment based on undiscounted cash flows when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Income taxes

The Company will be treated as a U.S corporation for U.S. federal income tax purposes under U.S. Internal Revenue Code ("IRC") Section 7874 and be subject to U.S. federal income tax. However, for Canadian tax purposes, the Company is expected, regardless of any application of IRC Section 7874, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada)) for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the U.S. Notwithstanding the foregoing, it is management's expectation that the Company's activities will be conducted in such a manner that income from operations will not be subjected to double taxation.

HSCP operates in the U.S. as a limited liability company that is treated as a partnership for U.S. federal, state and local income tax purposes. As a result, HSCP's income from its U.S. operations is not subject to U.S. federal income tax because the income is attributable to its members. Accordingly, the Company's U.S. tax provision is based on the portion of HSCP's income attributable to the Company and excludes the income attributable to other members of HSCP, whose income is included in *Net loss attributable to non-controlling interests* in the Consolidated Statements of Operations. In addition, the Company also records a tax provision for the corporate entities owned directly by HSCP.

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.

Certain Acreage subsidiaries are subject to IRC 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.

Revenue recognition

The Company early adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) on January 1, 2018. The new standard 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 Topic 606 retrospectively for all periods presented 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 Topic 606 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. The Company disaggregates its revenues from the direct sale of cannabis to customers on the Statements of Operations as *Retail revenue, net* and *Wholesale revenue, net*.

Revenue from management contracts is recognized over time as the management services are provided. The Company provides management services to other cannabis companies for a fee structure that varies based on the contract. The services that may be provided are broadly defined and span the entire scope of the business. The Company evaluates the nature of its promise to the customer in these contracts and determines that its promise is to provide a management service. The service comprises various activities that may vary each day (such as support for cultivation, finance, accounting, human resources, retail, etc.). The Company disaggregates its management contract revenue on the Statements of Operations as *Other revenue, net.*

Amounts disclosed as revenue are net of allowances, discounts and rebates.

Equity-settled payments

The Company issues equity-based awards to employees and non-employee directors 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. The Company generally issues new shares to satisfy conversions, option and warrant exercises, and RSU vests. Forfeitures are accounted for as they occur.

Loss per share

Net loss per share represents the net loss attributable to shareholders divided by the weighted average number of shares outstanding during the period on an as converted basis. Basic and diluted loss per share are the same as of December 31, 2019, 2018 and 2017, as the issuance of shares upon conversion, exercise or vesting of outstanding units would be anti-dilutive in each period. There were 41,526, 38,061, and 0 anti-dilutive shares outstanding as of December 31, 2019, 2018 and 2017, respectively.

Accounting Pronouncements Not Yet Adopted

The following new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2019 and have not been applied in preparing these consolidated financial statements:

Financial Instruments

In June 2016, the FASB issued ASU 2016-13 - *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which was subsequently revised by ASU 2018-19. The ASU introduces a new model for assessing impairment on most financial assets. Entities will be required to use a forward-looking expected loss model, which will replace the current incurred loss model, which will result in earlier recognition of allowance for losses. The ASU will be effective for the Company's first interim period of fiscal 2023, and the Company is currently evaluating the impact of the new standard.

(in thousands, except per share data)

3. ACQUISITIONS

During the year ended December 31, 2019, the Company completed the following business combinations, and has allocated each purchase price as follows:

Purchase Price Allocation	Thames Valley (1)	NCC (2)	Form Factory (3)	Total
Assets acquired:				
Cash and cash equivalents	$ 106	$ 696	$ 4,276	**$ 5,078**
Inventory	39	170	520	**729**
Other current assets	1	36	1,136	**1,173**
Capital assets, net	—	539	3,988	**4,527**
Operating lease ROU asset	—	—	10,477	**10,477**
Goodwill	3,596	4,192	65,303	**73,091**
Intangible assets - cannabis licenses	14,850	2,500	40,372	**57,722**
Intangible assets - customer relationships	—	—	4,600	**4,600**
Intangible assets - developed technology	—	—	3,100	**3,100**
Other non-current assets	—	25	403	**428**
Liabilities assumed:				
Accounts payable and accrued liabilities	(121)	(24)	(1,572)	**(1,717)**
Other current liabilities	—	(621)	(74)	**(695)**
Debt	—	—	(494)	**(494)**
Operating lease liability	—	—	(10,477)	**(10,477)**
Deferred tax liability	(3,399)	(461)	(14,519)	**(18,379)**
Other liabilities	—	(175)	(23)	**(198)**
Fair value of net assets acquired	**$ 15,072**	**$ 6,877**	**$ 107,016**	**$ 128,965**
Consideration paid:				
Cash	$ 15,072	$ —	$ 3,711	**$ 18,783**
Deferred acquisition costs and deposits	—	100	—	**100**
Subordinate Voting Shares	—	3,948	95,266	**99,214**
Settlement of pre-existing relationship	—	830	8,039	**8,869**
Fair value of previously held interest	—	1,999	—	**1,999**
Total consideration	**$ 15,072**	**$ 6,877**	**$ 107,016**	**$ 128,965**
Subordinate Voting Shares issued	—	211	4,770	**4,981**

The operating results of the above acquisitions were not material to the periods presented.

(1) On January 29, 2019, the Company acquired 100% of Thames Valley Apothecary, LLC ("Thames Valley"), a dispensary license holder in Connecticut.

(2) On March 4, 2019, the Company acquired the remaining 70% ownership interest in NCC LLC ("NCC"), a dispensary license holder in Illinois. The market price used in valuing SVS issued was $18.70 per share. As a result of this acquisition, the previously held interest in NCC was re-measured, resulting in a gain of $999, which was recorded in *Income from investments, net* in the Consolidated Statements of Operations during the year ended December 31, 2019.

(3) On April 16, 2019, the Company acquired 100% of Form Factory Holdings, LLC ("Form Factory"), a manufacturer and distributor of cannabis-based edibles and beverages. The Company expects to benefit primarily from utilizing the intangible assets acquired, which include cannabis licenses in California and Oregon, existing customer relationships, and developed technology, which will complement Acreage's existing business and enable the Company to create and distribute proprietary brands of various

(in thousands, except per share data)

types at scale. The useful life of the developed technology was determined to be 19 years, and the useful life of the customer relationships was determined to be 5 years.

The market price used in valuing unrestricted SVS issued was $20.45 per share. Certain SVS are subject to clawback should certain indemnity conditions arise and as such, a discount for lack of marketability was applied that correlates to the period of time these shares are subject to restriction.

The Company also recorded an expense of $2,139 in the Consolidated Statements of Operations for the year ended December 31, 2019 in connection with the acquisition of Form Factory that represents stock compensation fully vested on the acquisition date. 86 shares valued at $1,753 were issued and recorded in *Other equity transactions* on the Consolidated Statements of Shareholders' Equity, with the remainder settled in cash.

During the year ended December 31, 2018, the Company completed the following business combinations, and has allocated each purchase price as follows:

Purchase Price Allocation	**D&B (1)**	**WPMC (2)**	**PATCC (3)**	**PWC (4)**	**NYCANNA (5)**	**PWCT (6)**	**IGF (7)**	**Total**
Assets acquired:								
Cash and cash equivalents	$ 308	$ 62	$ 36	$ 19	$ 453	$ 662	$ 4	**$ 1,544**
Inventory	120	—	—	—	3,385	205	319	**4,029**
Other current assets	—	—	—	—	67	1	29	**97**
Notes receivable	—	814	6,181	—	—	—	—	**6,995**
Capital assets, net	24	—	—	5,614	5,996	723	3,119	**15,476**
Goodwill	1,328	11,586	5,636	6,241	1,626	1,491	2,017	**29,925**
Intangible assets - cannabis licenses	13,100	—	—	15,300	39,800	9,399	10,298	**87,897**
Intangible assets - management contracts	—	31,200	6,401	—	—	—	—	**37,601**
Other non-current assets	5	—	—	123	69	7	—	**204**
Liabilities assumed:								
Accounts payable and accrued liabilities	(382)	(41)	—	(872)	(1,153)	(275)	(41)	**(2,764)**
Deferred tax liability	—	—	—	(3,708)	—	—	—	**(3,708)**
Other liabilities	(3)	—	—	—	(49)	—	—	**(52)**
Fair value of net assets acquired	**$ 14,500**	**$ 43,621**	**$ 18,254**	**$ 22,717**	**$ 50,194**	**$ 12,213**	**$ 15,745**	**$ 177,244**
Consideration paid:								
Cash paid in 2018	$ 250	$ 8,168	$ —	$ 750	$ 13,833	$ 2,475	$ 8,215	**$ 33,691**
Cash paid in 2019	—	—	—	—	—	—	7,500	**$ 7,500**
Class D units	3,100	11,200	14,964	21,046	21,575	7,122	—	**79,007**
Subordinate Voting Shares ("SVS")	—	—	—	—	—	—	30	**30**
Seller's notes (Note 10)	11,150	—	1,118	921	2,238	479	—	**15,906**
Fair value of previously held interest	—	17,012	2,172	—	12,548	2,137	—	**33,869**
Fair value of non-controlling interest	—	7,241	—	—	—	—	—	**7,241**
Total consideration	**$ 14,500**	**$ 43,621**	**$ 18,254**	**$ 22,717**	**$ 50,194**	**$ 12,213**	**$ 15,745**	**$ 177,244**
Class D units/SVS issued	500	1,806	2,414	3,394	3,480	1,149	1	**12,744**

(in thousands, except per share data)

(1) On May 31, 2018, the Company acquired 100% of license holder D&B Wellness, LLC ("D&B").

(2) On May 31, 2018, the Company acquired 45% of management company The Wellness & Pain Management Connection LLC ("WPMC"), giving the Company an 84% controlling interest. The estimated useful life of the management contract is 18 years. As a result of this acquisition, the Company's previously held equity method investment in WPMC was re-measured, resulting in a gain of $10,782, which was recorded in *Income from investments, net* in the Consolidated Statements of Operations during the year ended December 31, 2018. Subsequent to the acquisition, the Company acquired additional interests in WPMC. Refer to Note 11 for further discussion.

(3) On July 3, 2018, the Company acquired the remaining 88% ownership interest in management company Prime Alternative Treatment Care Consulting, LLC ("PATCC"). The estimated useful life of the management contract is 10 years. As a result of this acquisition, the Company's previously held equity method investment in PATCC was re-measured, resulting in a gain of $2,109, which was recorded in *Income from investments, net* in the Consolidated Statements of Operations during the year ended December 31, 2018.

(4) On August 15, 2018, the Company acquired 100% of license holder Prime Wellness Center, Inc. ("PWC"), which was formerly managed by Prime Consulting Group, LLC ("PCG"), a management company in which the Company held an equity method investment.

(5) On August 15, 2018, the Company acquired the remaining 75% ownership interest in license holder NYCANNA, LLC ("NYCANNA"). As a result of this acquisition, the Company's previously held investment in NYCANNA, which did not have a readily determinable fair value, was re-measured, resulting in a gain of $1,954, which was recorded in *Income from investments, net* in the Consolidated Statements of Operations during the year ended December 31, 2018.

(6) On September 13, 2018, the Company acquired the remaining 82% ownership interest in license holder Prime Wellness of Connecticut, LLC ("PWCT"). As a result of this acquisition, the Company's previously held interest in PWCT, which did not have a readily determinable fair value, was re-measured, resulting in a gain of $387, which was recorded in *Income from investments, net* in the Consolidated Statements of Operations during the year ended December 31, 2018.

(7) On November 21, 2018, the Company acquired 100% of In Grown Farms LLC 2 ("IGF"), a cultivation license holder in Illinois. $7,500 of cash consideration was deferred and paid in the year ended December 31, 2019.

Selected line items from the Company's Consolidated Statement of Operations for the year ended December 31, 2018, adjusted as if the acquisitions of D&B and PWCT (deemed to be the only acquisitions with material operations in the period) had occurred on January 1, 2018, are presented below:

Pro forma results (unaudited)	Revenues, net	Gross profit	Net operating income (loss)	Net income (loss)
Consolidated results	$ 21,124	$ 9,420	$ (41,133)	$ (32,261)
D&B/PWCT pre-acquisition	11,077	4,661	2,685	2,502
Pro forma results	$ 32,201	$ 14,081	$ (38,448)	$ (29,759)
D&B/PWCT post-acquisition	$ 8,357	$ 2,899	$ 1,791	$ 1,800

Deferred acquisition costs and deposits

The Company makes advance payments to certain acquisition targets for which the transfer is pending certain regulatory approvals prior to the acquisition date.

(in thousands, except per share data)

As of December 31, 2018, the Company had the following deferred acquisition costs and deposits, which are expected to be offset against the consideration payable for the related future purchases. There were no deferred acquisition costs outstanding as of December 31, 2019.

Acquisition Target	December 31, 2018
Nature's Way Nursery of Miami, Inc.	$ 12,000
Form Factory [1]	10,000
NCC	100
Deferred acquisition costs and deposits	**$ 22,100**

(1) During the year ended December 31, 2019, the deferred acquisition deposit for Form Factory was converted to a line of credit. Upon acquisition of Form Factory, the Company recovered $2,076 of the deferred acquisition deposit not previously drawn against under the line of credit.

4. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

The following table details our intangible asset balances by major asset classes:

Intangibles	December 31, 2019	December 31, 2018
Finite-lived intangible assets:		
Management contracts	$ 52,438	$ 68,384
Customer relationships	4,600	—
Developed technology	3,100	—
	60,138	68,384
Accumulated amortization on finite-lived intangible assets:		
Management contracts	(5,750)	(3,128)
Customer relationships	(649)	—
Developed technology	(114)	—
	(6,513)	(3,128)
Finite-lived intangible assets, net	53,625	65,256
Indefinite-lived intangible assets		
Cannabis licenses	232,347	88,697
Total intangibles, net	**$ 285,972**	**$ 153,953**

Modification of management contract

On October 7, 2019, the Company modified the terms of its Management Service Agreement ("MSA") with Greenleaf Apothecaries, LLC ("GLA"). As a result of this modification, the Company exchanged certain future cash flows under the MSA in exchange for a note receivable of $12,500. In connection with this modification, the Company reduced the carrying value of the MSA by $10,106, recorded a gain of $2,394 and reduced the associated deferred tax liability by $2,730, with a corresponding increase to *Other equity transactions* in the Statements of Shareholders' Equity.

Impairment of intangible assets

The Company recorded $9,514 of impairment on certain cannabis licenses and $3,949 of impairment on management contracts during the year ended December 31, 2019 resulting from its annual impairment testing.

(in thousands, except per share data)

Purchases of intangible assets

The Company determined that the below purchases of intangible assets did not qualify as business combinations as the entities were non-operational at the time of purchase.

2019

- On January 4, 2019, the Company purchased a vertically-integrated license in Florida to operate a cultivation and processing facility and up to 40 medical cannabis dispensaries by acquiring Acreage Florida, Inc. (formerly known as Nature's Way Nursery of Miami, Inc.). Total consideration of $70,103 included: (i) $53,747 in cash, (ii) $12,000 of previously-paid deferred acquisition costs and (iii) $4,356 in HSCP units (198 units). The HSCP units issued were valued based on the market price of SVS (for which HSCP units are convertible) at the transaction date, which was $22.00 per share. In addition to the intangible asset purchased, the Company also acquired $361 of equipment, recorded in *Capital assets, net* and a $190 surety bond, recorded in *Other non-current assets* in the Consolidated Statements of Financial Position. A deferred tax liability of $16,049 was also recorded in connection with this purchase.

- On July 2, 2019, the Company acquired Kanna, Inc. ("Kanna"), a dispensary license holder in Oakland, California, for total consideration of $7,525 which included: (i) $1,991 in cash and (ii) $5,534 in Subordinate Voting Shares (383 shares). A deferred tax liability of $2,316 was also recorded in connection with this purchase. The SVS issued were valued based on the market price at the transaction date, which was $15.81 per share. Certain SVS are subject to clawback should certain indemnity conditions arise and as such, a discount for lack of marketability was applied that correlates to the period of time these shares are subject to restriction.

2018

- On May 4, 2018, the Company obtained 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 total consideration of $4,277, which included: (i) $416 of cash, (ii) $1,805 in Class D units (291 units) and (iii) $2,056 in seller's notes.

- The Company entered into management contracts with GLA to operate five dispensaries, Greenleaf Therapeutics, LLC to operate a processing facility, and Greenleaf Gardens, LLC to operate a cultivation facility (together "Greenleaf") on July 2, August 8 and December 20, 2018, respectively. The useful lives of the management contracts are 10 years. Total consideration of $23,272 consisted of: (i) $8,245 in cash ($2,750 of which was paid in 2019), (ii) $5,494 in Class D units (886 units), (iii) $6,095 in seller's notes and (iv) $3,438 in SVS (269 shares, valued at $12.84 per share, the closing price on the date of the cultivation facility management contract purchase). As part of this arrangement, the Company also issued a secured line of credit for use in build-out of the managed facilities (refer to Note 6 for further information).

- On July 30, 2018, the Company purchased a management contract with a useful life of 7 years by acquiring the remaining 55% ownership interest in HSRC NorCal, LLC ("NorCal"). Total consideration of $7,409 included: (i) $534 in cash, $3,446 in Class D units (556 units), (iii) $86 settlement of pre-existing relationship and (iv) $3,343 fair value of previously held interest. As a result of this acquisition, the Company's previously held equity method investment in NorCal was re-measured, resulting in a gain of $255, which was recorded in *Income from investments, net* in the Consolidated Statements of Operations during the year ended December 31, 2018. As part of this purchase, the Company also acquired a secured line of credit with an outstanding balance of $4,175 at the time of purchase for use in build-out of the managed facilities (refer to Note 6 for further information).

Amortization expense recorded during the years ended December 31, 2019, 2018 and 2017 was $5,276, $3,128 and $0, respectively.

Expected annual amortization expense for existing intangible assets subject to amortization at December 31, 2019 is as follows for each of the next five fiscal years:

Amortization of Intangibles	**2020**	**2021**	**2022**	**2023**	**2024**
Amortization expense	$ 5,234	$ 5,234	$ 5,234	$ 5,234	$ 4,585

Goodwill

The following table details the changes in the carrying amount of goodwill:

(in thousands, except per share data)

Goodwill	Total
December 31, 2017	**$ 2,191**
Acquisitions	29,925
December 31, 2018	**$ 32,116**
Acquisitions	73,091
Adjustment to purchase price allocation	550
December 31, 2019	**$ 105,757**

During the year ended December 31, 2019, the Company made final adjustments to the purchase price allocation with respect to certain acquisitions made during the year ended December 31, 2018 within the one-year measurement period.

5. INVESTMENTS

The carrying values of the Company's investments in the Consolidated Statements of Financial Position as of December 31, 2019 and 2018 are as follows:

Investments	December 31, 2019	December 31, 2018
Total short-term investments	**$ —**	**$ 149,090**
Investments held at FV-NI	4,376	2,869
Equity method investments	123	975
Total long-term investments	**$ 4,499**	**$ 3,844**

Income from investments, net in the Consolidated Statements of Operations during the years ended December 31, 2019, 2018 and 2017 is as follows:

Investment income	Year Ended December 31,		
	2019	2018	2017
Short-term investments	$ 738	$ 406	$ —
Investments without readily determinable fair value	—	—	150
Investments held at FV-NI	(2,218)	6,570	—
Equity method investments	1,000	13,301	256
Gain from investments held for sale	—	1,500	—
Income from investments, net	**$ (480)**	**$ 21,777**	**$ 406**

Income from investments without readily determinable fair value for the year ended December 31, 2018 primarily resulted from the remeasurement of previously held investments at the time of acquisition, in which the Company previously had an investment carried at cost (prior to January 1, 2018) or for which the measurement alternative was elected (January 1, 2018 and beyond), as further discussed in Note 3.

Income from equity method investments for the year ended December 31, 2018 was primarily driven by the remeasurement of previously held investments at the time of acquisition, as further discussed in Note 3.

Short-term investments

The Company from time to time invests in U.S. Treasury bills which are classified as held-to-maturity and measured at amortized cost. These range in original maturity from three to six months, and bear interest ranging from 2.2% - 2.4%. During the year ended December 31, 2019, short-term investments in U.S. Treasury bills in the amount of $149,828 matured.

(in thousands, except per share data)

Investments in equity without readily determinable fair value (formerly cost method investments)
The Company adopted ASU 2016-01 on January 1, 2018. Prior to adoption, investments in equity securities that did not give the Company significant influence over the investee were classified as cost method investments and held at their initial cost, assessed periodically for impairment. Upon adoption of ASU 2016-01, the Company elected to use the available measurement alternative for investments without readily determinable fair values (which are classified as Level 3 investments in the fair value hierarchy). The measurement alternative requires the investments to be held at cost and adjusted for impairment and observable price changes, if any.

In October 2018, the Company resigned as a manager of Florida Wellness, LLC ("FLW"), an entity in which the Company owned 44% and consolidated due to control as manager. FLW in turn owned 15% of San Felasco Nurseries, LLC ("SFN"), which the Company classified as an investment carried at cost (prior to January 1, 2018) and for which the measurement alternative was elected (January 1, 2018 and beyond). In connection with its resignation, the Company exchanged its share of the investment in SFN for a note receivable of $2,028. The Company also issued warrants to FLW and recognized expense of $1,423 during the year ended December 31, 2018, recorded in *Income from investments, net* in the Consolidated Statements of Operations. The remaining $4,775 interest in FLW as well as the NCI's portion of a note receivable of $880 was eliminated through de-consolidation of the non-controlling interest in *Other equity transactions* in the Consolidated Statements of Shareholders' Equity.

Investments held at FV-NI
The Company has investments in equity of several companies that do not result in significant influence or control. These investments are carried at fair value, with gains and losses recognized in the Consolidated Statements of Operations.

Equity method investments
The Company accounts for investments in which it can exert significant influence but does not control as equity method investments. As of December 31, 2019 and 2018, the Company's equity method investments were not deemed significant to the Company's financial statements and as such, additional disclosure is omitted. The Company purchased the remaining interests in the majority of its equity method investments during the year ended December 31, 2018. Refer to Notes 3 and 4 for further discussion.

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"). During the year ended December 31, 2018, the Company sold its investment in Compass for cash proceeds of $9,634, recognizing a $1,500 net gain on the sale.

6. NOTES RECEIVABLE

Notes receivable as of December 31, 2019 and 2018 consisted of the following:

	December 31, 2019	December 31, 2018
Notes receivable	$ 75,851	$ 27,920
Interest receivable	5,774	2,625
Total notes receivable	**$ 81,625**	**$ 30,545**
Less: Notes receivable, current	2,146	3,114
Notes receivable, non-current	$ 79,479	$ 27,431

Interest income on notes receivable during the years ended December 31, 2019, 2018 and 2017 totaled $3,978, $1,178 and $330, respectively.

Activity during the year ended December 31, 2019

On July 1, 2019, the Company entered into a $8,000 convertible note receivable with a west coast social equity program. Upon certain conditions related to a subsequent capital raise, the Company will obtain the right to convert its financing receivable to an ownership interest. The line of credit matures in June 2022 and bears interest at a rate of 8% per annum.

On October 7, 2019, the Company recorded a note receivable of $12,500 in connection with the MSA modification described in Note 4. The note is payable monthly and bears interest at a rate of prime plus 10% for the unpaid portion of any monthly payments.

The Company provides revolving lines of credit to several entities under management services agreements which make up the majority of its notes receivable. The relevant terms and balances are detailed below.

Lines of Credit			**Balance as of**	
Counterparty	**Maximum Obligation**	**Interest Rate**	**December 31, 2019**	**December 31, 2018**
Greenleaf [1]	$ 29,286	4.75% - 5%	$ 22,569	$ 7,030
CWG Botanicals, Inc. ("CWG") [2]	12,000	8%	9,152	4,587
Compassionate Care Foundation, Inc. ("CCF") [3]	12,500	18%	7,152	5,616

Prime Alternative Treatment Center, Inc. ("PATC") [4]	4,650	15%	4,650	4,650
Patient Centric of Martha's Vineyard, Ltd. ("PCMV") [5]	9,000	15%	5,758	856
Health Circle, Inc. [6]	8,000	15%	3,988	1,519
Total	**$ 75,436**		**$ 53,269**	**$ 24,258**

(1) During the year ended December 31, 2018, the Company extended lines of credit to Greenleaf Apothecaries, LLC, Greenleaf Therapeutics, LLC and Greenleaf Gardens, LLC (together "Greenleaf"), which mature in June 2023.

(2) The revolving line of credit due from CWG, the license holder managed by NorCal, matures in December 2021.

(3) In September 2018, the Company entered into a management agreement to provide certain advisory and consulting services to Compassionate Care Foundation, Inc. ("CCF") for a monthly fee based on product sales. Upon certain changes in New Jersey state laws to allow for-profit entities to hold cannabis licenses and certain regulatory approvals, the management agreement will terminate and any outstanding obligations on the line of credit will convert to a direct ownership interest in CCF, which will convert to a for-profit entity.

On November 15, 2019, as a result of changes to state laws as described above, Acreage entered into a Reorganization Agreement with CCF, pursuant to which Acreage will acquire 100% of the equity interests in CCF, pending state approval. The outstanding amounts receivable under the line of credit will convert to 54% ownership, and the Company will pay $10,000 for the remaining 46%.

(4) Prime Alternative Treatment Center, Inc. ("PATC") is a non-profit license holder in New Hampshire to which the Company's consolidated subsidiary PATCC provides management or other consulting services. The line of credit matures in August 2022.

(5) In November 2018, the Company entered into a services agreement with Patient Centric of Martha's Vineyard, Ltd. ("PCMV"). Upon certain changes in Massachusetts state laws, the management agreement would become convertible to an ownership interest in PCMV. The line of credit matures in November 2023.

(6) Health Circle, Inc. is a non-profit license holder in Massachusetts managed by the Company's consolidated subsidiary MA RMDS. The line of credit matures in November 2032.

(in thousands, except per share data)

7. CAPITAL ASSETS, net

Net property and equipment consisted of:

	December 31, 2019	December 31, 2018
Land	$ 9,839	$ 6,241
Building	34,522	14,364
Right-of-use asset, finance leases	5,954	—
Construction in progress	17,288	5,569
Furniture, fixtures and equipment	21,019	8,156
Leasehold improvements	22,682	12,115
Capital assets, gross	$ 111,304	$ 46,445
Less: accumulated depreciation	(5,257)	(1,402)
Capital assets, net	**$ 106,047**	**$ 45,043**

Depreciation of capital assets for the years ended December 31, 2019, 2018 and 2017 includes $2,317, $621, and $20 of depreciation expense, and $1,556, $724, and $0 that was capitalized to inventory, respectively.

Sale-leasebacks

During the year ended December 31, 2019, the Company sold and subsequently leased back several of its capital assets in a transaction with GreenAcreage Real Estate Corp. (“GreenAcreage”), a related party (refer to Note 14). The Company sold assets and subsequently leased them back for total proceeds of $19,052. The subsequent leases met the criteria for finance leases, and as such, the transactions do not qualify for sale-leaseback treatment. The “sold” assets remain within land, building and leasehold improvements, as appropriate, for the duration of the lease and a financing liability equal to the amount of proceeds received is recorded within debt (see Note 10). Upon lease termination, the sale will be recognized by removing the remaining carrying values of the capital assets and financing liability, with any difference recognized as a gain.

(in thousands, except per share data)

8. LEASES

The Company adopted ASC 842 on January 1, 2019 by capitalizing operating and finance right-of-use assets totaling $11,718 and $383, respectively. The Company leases land, buildings, equipment and other capital assets which it plans to use for corporate purposes and the production and sale of cannabis products. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets and are expensed in the Consolidated Statements of Operations on the straight-line basis over the lease term. The Company does not have any material variable lease payments, and accounts for non-lease components separately from leases.

Balance Sheet Information	Classification	December 31, 2019
Right-of-use assets		
Operating	Operating lease right-of-use assets	$ 51,950
Finance	Capital assets, net	5,832
Total right-of-use assets		**$ 57,782**
Lease liabilities		
Current		
Operating	Operating lease liability, current	$ 2,759
Financing	Debt, current	49
Non-current		
Operating	Operating lease liability, non-current	47,522
Financing	Debt, non-current	6,083
Total lease liabilities		**$ 56,413**

Statement of Operations Information	Classification	Year Ended December 31, 2019
Short-term lease expense	General and administrative	$ 1,262
Operating lease expense	General and administrative	5,351
Finance lease expense:		
Amortization of right of use asset	Depreciation and amortization	122
Interest expense on lease liabilities	Interest expense	290
Sublease income	Other loss, net	(110)
Net lease cost		**$ 5,653**

Statement of Cash Flows Information	Classification	Year Ended December 31, 2019
Cash paid for operating leases	Net cash used in operating activities	$ 3,667
Cash paid for finance leases - interest	Net cash used in operating activities	$ 223

The Company’s rent expense during the years ended December 31, 2018 and 2017 was $1,604 and $703, respectively.

(in thousands, except per share data)

The following represents the Company's future minimum payments required under existing leases with initial terms of one year or more as of December 31, 2019:

Maturity of lease liabilities	Operating Leases	Finance Leases
2020	$ 7,329	$ 832
2021	8,035	873
2022	7,884	893
2023	7,704	914
2024	7,396	936
Thereafter	49,921	18,740
Total lease payments	**$ 88,269**	**$ 23,188**
Less: interest	37,988	17,056
Present value of lease liabilities	**$ 50,281**	**$ 6,132**
Weighted average remaining lease term (years)	11	24
Weighted average discount rate	10%	14%

9. INVENTORY

	December 31, 2019	December 31, 2018
Retail inventory	$ 1,784	$ 1,101
Wholesale inventory	11,993	4,848
Cultivation inventory	3,021	2,400
Supplies & other	1,285	508
Total	**$ 18,083**	**$ 8,857**

10. DEBT

The Company's debt balances consist of the following:

Debt balances	December 31, 2019	December 31, 2018
NCCRE loan	$ 492	$ 511
Seller's notes	2,810	15,124
Related party debt	15,000	—
Financing liability	19,052	—
Finance lease liabilities	6,132	—
Total debt	**$ 43,486**	**$ 15,635**
Less: current portion of debt	15,300	15,144
Total long-term debt	**$ 28,186**	**$ 491**

(in thousands, except per share data)

The interest expense related to the Company's debt during the years ended December 31, 2019, 2018 and 2017 consists of the following:

Interest Expense	Year Ended December 31,		
	2019	2018	2017
Convertible notes:			
Cash interest	$ —	$ 869	$ 456
PIK interest	—	1,912	605
Accretion	—	926	132
Convertible note interest	**$ —**	**$ 3,707**	**$ 1,193**
NCCRE loan	19	22	22
Seller's notes	416	888	—
Interest expense on financing liability	469	—	—
Interest expense on finance lease liability	290	—	—
Total interest expense	**$ 1,194**	**$ 4,617**	**$ 1,215**

Senior secured convertible notes
The Company issued senior secured convertible notes in November 2017 for a total principal amount of $31,294, net of issuance costs. The debt contained a conversion feature and attached warrants, neither of which met the criteria for bifurcation. In connection with the RTO on November 14, 2018, the notes and PIK interest mandatorily converted to 6,473 Class A membership units, and the Company issued 1,878 warrants to purchase Pubco shares at $25 per share, which expire on November 14, 2021. The carrying value of the debt, including unamortized discount, was credited to *Share capital* in the Consolidated Statements of Shareholders' Equity and no gain or loss was recognized.

NCC Real Estate, LLC ("NCCRE") loan
NCCRE, 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 is leased to NCC. The promissory note payable carries a fixed interest rate of 3.7% and is due in December 2021.

Seller's notes
The Company issued Seller's notes payable in connection with several transactions, bearing interest at rates ranging from 3.5% to 10%. Substantially all of these notes became due upon completion of the RTO. Refer to Note 3, Note 4 and Note 11 for further detail.

Related party debt
During the year ended December 31, 2019, the Company's CEO made a non-interest bearing loan of $15,000 to Acreage, which was subsequently repaid in March.

Financing liability
In connection with the Company's failed sale-leaseback transaction (refer to Note 7), a financing liability was recognized equal to the cash proceeds received. The Company will recognize the cash payments made on the lease as interest expense, and the principal will be derecognized upon expiration of the lease.

11. SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS

Pre-RTO transactions
2017

During the year ended December 31, 2017, HSCP issued 6,000 Class C units to certain employees in exchange for $630 of notes receivable.

2018

During the year ended December 31, 2018, HSCP issued 17,018 Class D units for total consideration of $105,514 in exchange for cash, the settlement of expenses, equity issuance costs pertaining to HSCP's issuance of Class E units, as well as certain asset and business acquisitions and non-controlling interest purchases. Refer to Note 3, Note 4 and the "Non-controlling interests" section below for further information.

During the year ended December 31, 2018, HSCP issued 19,352 Class E units in exchange for gross proceeds of $119,983 and incurred $3,859 in equity issuance costs.

Immediately prior to completion of the RTO, the Company completed, through a special purpose corporation, a private placement of 12,566 subscription receipts for gross proceeds of $314,154 and incurred $17,652 in equity issuance costs. Additionally, the Company recognized $6,126 of expenses associated with the RTO and public listing in *Other loss, net* in the Consolidated Statements of Operations. Concurrent with the completion of the RTO, each subscription receipt automatically converted into one Subordinate Voting Share of the Company, and all pre-RTO HSCP units were converted into the post-RTO capital structure described below. An additional 60 SVS were issued to satisfy RTO-related obligations of $1,502 during the year ended December 31, 2018. In connection with the RTO, Kevin Murphy, the Chief Executive Officer of the Company, made a contribution of HSCP units and $280 in cash to Pubco in exchange for 168 Multiple Voting Shares of Pubco, representing 100% of the issued and outstanding Multiple Voting Shares as of closing of the RTO. A deferred tax liability of $30,175 was established with respect to prior acquisitions and purchases of intangible assets.

Post-RTO - Acreage Holdings, Inc. capital structure

The Company has authorized an unlimited number of Subordinate, Proportionate and Multiple Voting Shares, all with no par value. All share classes are included within *Share capital* in the Consolidated Statements of Shareholders' Equity on an as converted basis. Each share class is entitled to notice of and to attend at any meeting of the shareholders, except a meeting of which only holders of another particular class of shares will have the right to vote. All share classes are entitled to receive dividends, as and when declared by the Company, on an as-converted basis, and no dividends will be declared by the Company on any individual class unless the Company simultaneously declares or pays dividends on all share classes. No subdivision or consolidation of any share class shall be made without simultaneously subdividing or consolidating all share classes in the same manner. No holders of any class are entitled to a right of first refusal on any future security issuance of the Company.

Subordinate Voting Shares

Holders of Class A Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held. As long as any Subordinate Voting Shares remain outstanding, the Company 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.

Proportionate Voting Shares

Holders of Class B Proportionate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Shares could ultimately then be converted (forty-to-one). As long as any Proportionate Voting Shares remain outstanding, the Company 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.

Multiple Voting Shares

Class C Multiple Voting Shares are intended to give the Company's founder and CEO voting control. Holders of Multiple Voting Shares will be entitled to three thousand votes for each Multiple Voting Share held. Multiple Voting Shares shall automatically convert into subordinate voting shares on a one-to-one basis at the latest five years from RTO date. No Multiple Voting Share will be permitted to be transferred by the holder thereof without the prior written consent of the Company's Board.

Treasury shares

In connection with the RTO, the Company withheld shares that were previously issued to satisfy certain shareholders' U.S. federal income tax requirements and made a payment on their behalf in the amount of $21,054.

(in thousands, except per share data)

The table below details the change in Pubco shares outstanding by class:

Shareholders' Equity	Subordinate Voting Shares	Subordinate Voting Shares Held in Treasury	Proportionate Voting Shares (as converted)	Multiple Voting Shares	Total Shares Outstanding
December 31, 2017	**—**	**—**	**—**	**—**	**—**
Existing unitholders transfer	8,817	(842)	57,835	168	**65,978**
Private placement	12,566	—	—	—	**12,566**
Issuances	560	—	60	—	**620**
December 31, 2018	**21,943**	**(842)**	**57,895**	**168**	**79,164**
Issuances	8,698	—	—	—	**8,698**
NCI conversions	2,784	—	—	—	**2,784**
PVS conversions	34,752	—	(34,752)	—	**—**
December 31, 2019	**68,177**	**(842)**	**23,143**	**168**	**90,646**

During the year ended December 31, 2019 and 2018, the Company issued 208 and 28 SVS as compensation for consulting services of $3,424 and $358, respectively, recorded in *Other equity transactions* on the Consolidated Statements of Shareholders' Equity.

Warrants
A summary of the warrants activity outstanding is as follows:

Warrants	Year Ended December 31,	
	2019	2018
Beginning balance	**2,259**	**—**
Granted	4	2,259
Expired	(223)	—
Ending balance	**2,040**	**2,259**

During the year ended December 31, 2018, in addition to the warrants issued with respect to the convertible debt (refer to Note 10), the Company issued 223 warrants valued at $1,423 and expiring in 6 months to former investors in FLW in connection with the Company's withdrawal (see Note 5 for further discussion), as well as 158 warrants valued at $1,862 and expiring in 2 years issued to brokers for services performed in connection with the RTO. The fair value of the warrants were determined using a Black-Scholes model with volatility and risk-free rate assumptions similar to those disclosed in Note 12, and the expected term determined using the respective contractual term for each warrant.

The exercise price of all warrants outstanding as of December 31, 2019 is $25 per share, and the weighted-average remaining contractual life of the warrants outstanding is approximately 2 years. There was no aggregate intrinsic value for warrants outstanding as of December 31, 2019.

Non-controlling interests - convertible units
The Company has NCIs in consolidated subsidiaries USCo2 and HSCP. The non-voting shares of USCo2 and HSCP units make up substantially all of the NCI balance as of December 31, 2019 and are convertible at the Company's discretion into either one Subordinate Voting Share or cash, as determined by the Company. Summarized financial information of HSCP is presented below. USCo2 does not have discrete financial information separate from HSCP.

(in thousands, except per share data)

HSCP net asset reconciliation	December 31, 2019	December 31, 2018
Current assets	$ 55,296	$ 268,817
Non-current assets	584,812	282,058
Current liabilities	(46,434)	(32,626)
Non-current liabilities	(75,219)	(1,622)
Other NCI balances	(1,041)	(1,130)
Accumulated equity-settled expenses	(111,934)	(9,878)
Net assets	$ 405,480	$ 505,619
HSCP/USCo2 ownership % of HSCP	21.64%	25.67%
Net assets allocated to USCo2/HSCP	$ 87,746	$ 129,792
Net assets attributable to other NCIs	1,041	1,130
Total NCI	$ 88,787	$ 130,922

	Year Ended December 31,	
HSCP Summarized Statement of Operations	**2019**	**2018**
Net loss allocable to HSCP/USCo2 (1)	$ (191,511)	$ (16,080)
HSCP/USCo2 weighted average ownership % of HSCP (1)	23.44%	25.67%
Net loss allocated to HSCP/USCo2	$ (44,890)	$ (4,128)
Net loss allocated to other NCIs	(4)	(650)
Net loss attributable to NCIs	$ (44,894)	$ (4,778)

(1) Net loss and ownership percentage for the year ended December 31, 2018 were calculated from the RTO date through the end of the year.

As of December 31, 2019, USCo2's non-voting shares owned approximately 0.74% of HSCP units. USCo2's capital structure is comprised of voting shares (approximately 64%), all of which are held by the Company, and of non-voting shares (approximately 36%) held by certain former HSCP members. Certain executive employees and profits interests holders own approximately 20.90% of HSCP units. The remaining 78.36% interest in HSCP is held by USCo and represents the members' equity attributable to shareholders of the parent.

During the year ended December 31, 2019, the Company had several transactions with HSCP and USCo2 that changed its ownership interest in the subsidiaries but did not result in loss of control. These transactions included business acquisitions and intangible purchases where equity was issued as consideration (see Notes 3 and 4) and the redemption of HSCP and USCo2 convertible units for Subordinate Voting Shares (as shown in the table below), and resulted in a $2,766 allocation from shareholders' equity to NCI. During the year ended December 31, 2018, in connection with the RTO, the Company allocated $133,943 from shareholders' equity to NCI to allocate net assets of HSCP to the non-controlling interests held by HSCP and USCo2 as calculated above.

During the year ended December 31, 2019, the Company made cash payments in the amount of $4,278 to HSCP and USCo2 unit holders in satisfaction of redemption requests the Company chose to settle in cash, as well as for LLC unitholders tax liabilities in accordance with the HSCP operating agreement.

(in thousands, except per share data)

A reconciliation of the beginning and ending amounts of convertible units is as follows:

	Year Ended December 31,	
Convertible Units	**2019**	**2018**
Beginning balance	**27,340**	**49,350**
Issuance of NCI units	198	43,198
Vested LLC C-1s canceled	(416)	—
LLC C-1s vested	755	1,612
NCI units settled in cash	(58)	—
NCI units converted to Pubco	(2,784)	(66,820)
Ending balance	**25,035**	**27,340**

Other non-controlling interests

During the year ended December 31, 2018, the Company purchased additional interests in consolidated subsidiaries.

2018 NCI purchases	**Total**
Cash	$ 19,643
Class D units	5,475
Seller's notes	8,885
Forgiveness of shareholder advance	100
Total consideration	**$ 34,103**
Carrying value on transaction date	12,305
Decrease in additional paid in capital	**$ (21,798)**

12. EQUITY-BASED COMPENSATION EXPENSE

Equity-based compensation expense recognized in the Consolidated Statements of Operations for the periods presented is as follows:

Equity-based compensation expense	Year Ended December 31,		
	2019	**2018**	**2017**
Equity-based compensation - Plan	$ 62,946	$ 9,862	$ —
Equity-based compensation - Plan (CGC Awards)	23,056	—	—
Equity-based compensation - other	11,536	1,368	1,837
Total equity-based compensation expense	**$ 97,538**	**$ 11,230**	**$ 1,837**

Equity-based compensation - Plan (Acreage Holdings, Inc. Omnibus Incentive Plan)

In connection with the RTO transaction, the Company's Board of Directors adopted an Omnibus Incentive Plan (the "Plan"), which permits the issuance of stock options, stock appreciation rights, stock awards, share units, performance shares, performance units and other stock-based awards up to an amount equal to 15% of the issued and outstanding Subordinate Voting Shares of the Company.

(in thousands, except per share data)

Restricted Share Units ("RSUs")

Restricted Share Units (Fair value information expressed in whole dollars)	Year Ended December 31, 2019 RSUs	Year Ended December 31, 2019 Weighted Average Grant Date Fair Value	Year Ended December 31, 2018 RSUs	Year Ended December 31, 2018 Weighted Average Grant Date Fair Value
Unvested, beginning of period	**2,032**	$ 24.53	**—**	$ —
Granted [(1)]	7,986	14.28	2,128	24.62
Forfeited	(117)	17.85	—	—
Vested	(2,058)	21.06	(96)	25.00
Unvested, end of period	**7,843**	$ 15.10	**2,032**	$ 24.53

RSUs of the Company generally vest over a period of two years. The fair value for RSUs is based on the Company's share price on the date of the grant. The Company recorded $59,627 and $6,364 as compensation expense during the years ended December 31, 2019 and 2018, respectively. The fair value of RSUs vested during the years ended December 31, 2019 and 2018 was $23,470 and $2,398, respectively. There was no comparable RSU activity during the year ended December 31, 2017.

The total weighted average remaining contractual life and aggregate intrinsic value of unvested RSUs at December 31, 2019 was approximately 2 years and $46,431, respectively. Unrecognized compensation expense related to these awards at December 31, 2019 was $98,255 and is expected to be recognized over a weighted average period of approximately 2 years.

In connection with the vesting of RSUs, the Company withheld 682 shares to satisfy $10,306 of employer withholding tax requirements. 96 RSUs that vested in 2018 were delivered in the period, and 80 that vested in 2019 are pending delivery or deferred.

(1) Equity-based compensation - Plan (CGC Awards)

Included in the RSUs granted during the year ended December 31, 2019 are "CGC Awards" issued in connection with the Arrangement Agreement (as defined in Note 13) as follows:

On June 27, 2019, pursuant to the Arrangement Agreement (as defined in Note 13), 4,909 RSUs were awarded in total to five executive employees under the Plan. These awards vest as follows: 25% in June 2020, 25% in June 2021 and 50% three months following the Acquisition (as defined in Note 13). The Company recorded $14,753 as compensation expense during the year ended December 31, 2019 in connection with these awards. A discount for lack of marketability was applied that correlates to the period of time certain of these shares are subject to restriction.

On July 31, 2019, the Company issued 1,778 RSUs to employees with unvested RSUs and stock options ("make-whole awards") as at the date of the Option Premium payment (as defined in Note 13). The RSUs were issued to provide additional incentive for employees that were not eligible to receive the full Option Premium and were subject to the same vesting terms as the unvested options and RSUs held as of the grant date. The Company recorded $8,303 as compensation expense during the year ended December 31, 2019 in connection with these awards.

Stock options

Stock Options (Exercise price expressed in whole dollars)	Year Ended December 31, 2019 Options	Year Ended December 31, 2019 Weighted Average Exercise Price	Year Ended December 31, 2018 Options	Year Ended December 31, 2018 Weighted Average Exercise Price
Options outstanding, beginning of period	**4,605**	$ 25.00	**—**	$ —
Granted	1,785	14.04	4,605	25.00
Forfeited	(782)	24.68	—	—
Exercised	—	—	—	—
Options outstanding, end of period	**5,608**	$ 21.56	**4,605**	$ 25.00
Options exercisable, end of period	**1,427**	$ 24.80	**—**	$ —

(in thousands, except per share data)

Stock options of the Company generally vest over a period of three years and have an expiration period of 10 years. The weighted average contractual life remaining for options outstanding and exercisable as of December 31, 2019 was approximately 9 years and 8 years, respectively. The Company recorded $26,375 and $3,498 as compensation expense during the years ended December 31, 2019 and 2018, respectively, in connection with these awards. As of December 31, 2019, unamortized expense related to stock options totaled $55,655 and is expected to be recognized over a weighted-average period of approximately 2 years. There was no comparable option activity during the year ended December 31, 2017. There was no aggregate intrinsic value for options outstanding or exercisable as of December 31, 2019.

The fair values of stock options granted were calculated using a Black-Scholes model with the following assumptions:

Black-Scholes inputs	**Year Ended December 31,**	
	2019	**2018**
Weighted average grant date fair value range	$4.76 - $16.72	$12.04 - $18.70
Assumption ranges:		
Risk-free rate	1.50% - 2.60%	2.78% - 2.92%
Expected dividend yield	—%	—%
Expected term (in years)	6	6
Expected volatility	75% - 85%	87%

Volatility was estimated by using the average historical volatility of a representative peer group of publicly traded cannabis companies. The expected term represents the period of time the options are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected term.

Equity-based compensation - other

HSCP C-1 Profits Interests Units ("Profits Interests")

These membership units qualify as profits interests for U.S. federal income tax purposes and were accounted for in accordance with ASC 718, Compensation - Stock Compensation. HSCP amortizes awards over service period and until awards are fully vested.

The following table summarizes the status of unvested Profits Interests for the years ended December 31, 2019, 2018 and 2017:

Profits Interests (Fair value information expressed in whole dollars)	**Year Ended December 31, 2019**		**Year Ended December 31, 2018**		**Year Ended December 31, 2017**	
	Number of Units	**Weighted Average Grant Date Fair Value**	**Number of Units**	**Weighted Average Grant Date Fair Value**	**Number of Units**	**Weighted Average Grant Date Fair Value**
Unvested, beginning of period	**1,825**	$ 0.43	**—**	**$ —**	**—**	**$ —**
Class C-1 units granted	—	—	4,284	0.48	3,250	0.47
Class C-1 units canceled	(70)	0.43	(847)	0.64	—	—
Class C-1 vested	(755)	0.43	(1,612)	0.43	(3,250)	0.47
Unvested, end of period	**1,000**	$ 0.43	**1,825**	$ 0.43	**—**	$ —

The Company recorded $369, $1,053 and $1,522 as compensation expense in connection with these awards during the years ended December 31, 2019, 2018 and 2017, respectively. The fair value of Profits Interests vested during the years ended December 31, 2019 and 2018 and 2017 was $13,141, $690 and $1,528, respectively.

The total weighted average remaining contractual life and aggregate intrinsic value of unvested Profits Interests at December 31, 2019 was approximately 1 year and $5,920, respectively. As of December 31, 2019, unamortized expense related to unvested Profits Interests totaled $70 and is expected to be recognized over a weighted average period of approximately 1 year.

Restricted Shares ("RSs")

In connection with the Company's acquisition of Form Factory (refer to Note 3), 1,369 restricted shares with a grant date fair value of $20.45 were issued to former employees of Form Factory subject to future service conditions, which fully vest 24 months from the acquisition date. The fair value for RSs is based on the Company's share price on the date of the grant. The Company recorded

compensation expense of $9,528 during the year ended December 31, 2019 in connection with these awards. The total weighted average remaining contractual life and aggregate intrinsic value of RSs at December 31, 2019 was approximately 1 year and $8,104, respectively. As of December 31, 2019, unamortized expense related to RSs totaled $17,364 and is expected to be recognized over a weighted average period of approximately 1 year. There was no comparable RS activity during the years ended December 31, 2018 or 2017.

Employee settlement

During the year ended December 31, 2019, the Company issued 82 Subordinate Voting Shares and recognized $1,639 of compensation expense in settlement of post-employment expenses.

Forgiveness of notes receivable

The Company forgave $315 of notes receivable from certain employees in recognition of services rendered during both the years ended December 31, 2018 and 2017.

13. COMMITMENTS AND CONTINGENCIES

Commitments

The Company provides revolving lines of credit to several of its portfolio companies. Refer to Note 6 for further information.

Definitive agreements

On April 17, 2019, the Company entered into a definitive agreement to acquire Deep Roots Medical LLC (“Deep Roots”), a vertically integrated license holder in Nevada, for consideration of 4,762 HSCP units (valued at approximately $28,191 based on the December 31, 2019 closing price of $5.92 per share) and $20,000 in cash. The Company announced the termination of the agreement by Deep Roots on April 3, 2020 following March 31, 2020, the end date for consummating the transaction.

During the year ended December 31, 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, Inc., a non-profit cultivation and processing facility in Rhode Island, for cash consideration of $10,000. The agreement terminated in April 2020.

Canopy Growth

On June 19, 2019, the shareholders of the Company and of Canopy Growth separately approved the proposed transaction between the two companies, and on June 21, 2019, the Supreme Court of British Columbia granted a final order approving the arrangement. Effective June 27, 2019, the articles of the Company were amended to provide Canopy Growth with the option (the “Canopy Growth Call Option”) to acquire all of the issued and outstanding shares in the capital of the Company (each, an “Acreage Share”), 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”). Under the terms of the agreement, holders of Acreage Shares and certain securities convertible or exchangeable into Class A subordinate voting shares of Acreage (the “Subordinate Voting Shares”) as of the close of business on June 26, 2019, were to receive approximately $2.63, being their pro rata portion (on an as converted to Subordinate Voting Share basis) of $300,000 (the “Option Premium”) paid by Canopy Growth to such persons as consideration for granting the Canopy Growth Call Option.

Upon the occurrence of the Triggering Event, Canopy Growth is required to exercise the Canopy Growth Call Option and, subject to the satisfaction or waiver of the conditions to closing set out in the Arrangement Agreement, acquire (the “Acquisition”) each of the Subordinate Voting Shares of Acreage (following the automatic conversion of the Class B proportionate voting shares and Class C multiple voting shares of Acreage into Subordinate Voting Shares) for the payment of 0.5818 of a common share of Canopy Growth (each whole common share, a “Canopy Growth Share”) per Subordinate Voting Share (subject to adjustment in accordance with the terms of the Arrangement Agreement) (the “Exchange Ratio”).

HSCP unit holders will be required to convert their units within three years following the closing of the Arrangement as will holders of non-voting shares of USCo2.

The Company will be permitted to issue up to an additional 58,000 Subordinate Voting Shares (of which approximately 51,000 remain available for issuance as of December 31, 2019) without any adjustment being required to the Exchange Ratio. The Exchange Ratio is subject to adjustment in the circumstances set out in the Arrangement Agreement.

Surety bonds
The Company has indemnification obligations with respect to surety bonds primarily used as security against non-performance in the amount of $5,000 as of December 31, 2019, for which no liabilities are recorded on the Consolidated Statements of Financial Position.

The Company is subject to other capital commitments and similar obligations. As of December 31, 2019 and 2018, such amounts were not material.

Contingencies

As of December 31, 2019, the Company has consulting fees payable in SVS which are contingent upon successful acquisition of certain state cannabis licenses. The Company had maximum obligations of $8,750 and 400 SVS, and no reserve for the contingencies has been recorded as of December 31, 2019.

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 of December 31, 2019, 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 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.

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 State Holdings LLC, NY Medicinal Research & Caring, LLC (each, a wholly-owned subsidiary of High Street) and High Street. 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 High Street. 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. High Street intends to vigorously defend this action, which the Company firmly believes is without merit. EPMMNY alleges that it was improperly deprived of its equity stake in NYCANNA before NYCANNA was acquired by High Street. High Street 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. The defendants filed a motion to dismiss on April 1, 2019. The motion was fully briefed and submitted to the Court on July 18, 2019, and oral argument was heard on September 6, 2019. The motion remains pending before the Court.

14. 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.

Related party notes receivable
Acreage has certain outstanding notes receivable with related parties. Refer to Note 6 for further information.

(in thousands, except per share data)

GreenAcreage
The Company has an investment carried at FV-NI in GreenAcreage. The Company also has an equity method investment in the management company of GreenAcreage resulting from the CEO's board involvement.

Related party debt
In December 2019, the Company's CEO loaned $15,000 to the Company. Refer to Note 10 for further information.

15. INCOME TAXES

The provision for income taxes for the years ended December 31, 2019, 2018 and 2017 are as follows:

Income tax provision	Year Ended December 31,		
	2019	2018	2017
Current taxes:			
Federal	$ 6,351	$ 1,117	$ 895
State	2,482	475	75
Total current	**8,833**	**1,592**	**970**
Deferred taxes:			
Federal	(2,625)	(38)	—
State	(1,219)	(18)	—
Total deferred	**(3,844)**	**(56)**	**—**
Total income tax provision	**$ 4,989**	**$ 1,536**	**$ 970**

The table below reconciles the expected statutory federal income tax to the actual income tax provision (benefit):

Tax provision reconciliation	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	$	%	$	%	$	%
Computed expected federal income tax benefit	**$ (39,936)**	**21.0 %**	**$ (6,452)**	**21.0 %**	**$ (2,912)**	**34.0 %**
Increase (decrease) in income taxes resulting from:						
State taxes	(20,151)	10.6	(3,022)	9.8	(1,070)	12.5
Nondeductible permanent items	49,231	(25.9)	4,483	(14.6)	611	(7.1)
Pass-through entities & non-controlling interests	13,465	(7.1)	6,375	(20.7)	4,139	(48.3)
Increase in valuation allowance	1,816	(1.0)	149	(0.5)	—	—
Other	564	(0.2)	3	—	202	(2.4)
Actual income tax provision	**$ 4,989**	**(2.6)%**	**$ 1,536**	**(5.0)%**	**$ 970**	**(11.3)%**

The following table presents a reconciliation of gross unrecognized tax benefits:

Unrecognized tax benefits	Year Ended December 31,		
	2019	2018	2017
Balance at beginning of period	$ 1,394	$ 1,391	$ 1,189
Increase based on tax positions related to current period	—	—	165
Increase based on tax positions related to prior period	500	3	37
Decrease related to settlements with taxing authorities	(27)	—	—
Balance at end of period	**$ 1,867**	**$ 1,394**	**$ 1,391**

Interest and penalties related to unrecognized tax benefits are recorded as components of the provision for income taxes. As of December 31, 2019 and 2018, we had interest accrued of approximately $210 and $162, respectively, included in *Taxes payable*

(in thousands, except per share data)

and *Other current liabilities* in the Consolidated Statements of Financial Position. No material penalties were accrued for the years ended December 31, 2019 and 2018.

The principal components of deferred taxes as of December 31, 2019 and 2018 are as follows:

Deferred taxes	December 31, 2019	December 31, 2018
Deferred tax assets:		
Net operating losses	$ 1,295	$ 66
Other	670	83
Total deferred tax assets	1,965	149
Valuation allowance	(1,965)	(149)
Net deferred tax asset	—	—
Deferred tax liabilities:		
Partnership basis difference	(63,997)	(33,827)
Net deferred tax liability	**(63,997)**	**(33,827)**
Net deferred tax liabilities	**$ (63,997)**	**$ (33,827)**

The Company assesses available positive and negative evidence to estimate if it is more likely than not to use certain jurisdiction-based deferred tax assets including net operating loss carryovers. On the basis of this assessment, a valuation allowance was recorded during the years ended December 31, 2019 and 2018.

As of December 31, 2019, we have various state net operating loss carryovers that expire at different times, the earliest of which is 2023. The statute of limitations with respect to our federal returns remains open for tax years 2018 and forward. For certain acquired subsidiaries, the federal statue remains open with respect to tax years 2014 and forward.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E, under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-deductible under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

In connection with the RTO transaction, the Company entered into a tax receivable agreement with certain members of HSCP, who represent a portion of the NCI, in which it agreed to pay 65% of any realized tax benefits upon conversion of HSCP units into Subordinate Voting Shares to such members. In addition, 20% of any realized tax benefits will be paid to certain HSCP members pursuant to the Company's tax receivable bonus plan. The Company will retain the remaining 15% of the realized tax benefits.

16. REPORTABLE SEGMENTS

The Company prepares its segment reporting on the same basis that its Chief Operating Decision Maker manages the business, and makes operating decisions. The Company operates under one operating segment, which is its only reportable segment: the production and sale of cannabis products. The Company's measure of segment performance is net income, and derives its revenue primarily from the sale of cannabis products, as well as related management or consulting services which were not material in all periods presented. All of the Company's operations are located in the United States.

17. SUBSEQUENT EVENTS

Related party debt
In January 2020, the Company's CEO loaned $5,000 to the Company. The Company repaid the total amount loaned by the CEO, including the $15,000 loaned in December 2019, on March 4, 2020. Refer to Note 14 for more details.

Refer to *Financing transactions* below for a description of a subsequent financing transaction involving the Company's CEO.

Financing transactions
In the first quarter of 2020, the Company raised $48,887, net of issuance costs, as part of a series of financing transactions that were announced on February 7, 2020.

On February 10, 2020, the Company raised $27,887, net of issuance costs, from a private placement of 6,085 special warrants priced at $4.93 per unit. The special warrants were automatically exercised on March 2, 2020 for no additional consideration, and each unit sold consists of one SVS and one SVS purchase warrant with a strike price of $5.80 and a five-year expiration.

On March 11, 2020, the Company borrowed $21,000 from an institutional lender pursuant to a credit facility. The credit facility permits the Company to borrow up to $100,000, which may be drawn down by the Company in four tranches, maturing two years from the date of the first draw down. The Company will pay an annual interest rate of 3.55% on the first advance of debt for a term of two years. The borrowed amounts under the credit facility are fully collateralized by $22,000 of restricted cash, which was borrowed pursuant to the loan transaction described below.

Also on March 11, 2020, the Company closed $22,000 in borrowings pursuant to a loan transaction with IP Investment Company, LLC (the "Lender"). The maturity date is 366 days from the closing date of the loan transaction. The Company will pay monthly interest on the collateral in the form of 41 SVS through the maturity date. The Lender may put any unsold interest shares to the Company upon maturity at a price of $4.50 per share. Kevin Murphy, the Company's Chief Executive Officer, loaned $21,000 of the $22,000 borrowed by the Company to the Lender. The loan is secured by the non-U.S. intellectual property assets of the Company.

RSU grant
On February 20, 2020, the Company issued 1,505 RSUs to certain executives with a weighted-average grant date fair value of $5.11 per share. A discount for lack of marketability was applied that correlates to the period of time. Certain of these shares are subject to restriction.

WCM Refinancing
On March 6, 2020, the Company closed a refinancing, transaction and conversion related to Northeast Patients Group, operating as Wellness Connection of Maine ("WCM"), a medical cannabis business in Maine, resulting in ownership of WCM by three Maine residents, as required by Maine law. In connection with the transaction, WCM converted from a non-profit corporation to a for-profit corporation. WCM previously had a series of agreements with Wellness Pain & Management Connection LLC ("WPMC"), which resulted in an outstanding balance of $18,800 due to WPMC as of closing of this transaction. A restated consulting agreement was put in place, whereby WCM agrees to pay a fixed annual fee of $120, payable monthly, in exchange for a suite of consulting services. In addition, a promissory note payable to WPMC was signed in the amount of $18,800 to convert the existing payment due into a fixed, secured debt obligation.

In order to fund the transaction of WCM, the Company created a new Maine corporation, named Maine HSCP, Inc. ("Maine HSCP"). At closing, the Company contributed $5,700 to Maine HSCP, and then sold 900 shares of Maine HSCP, constituting all of the outstanding equity interests of Maine HSCP, to three qualifying Maine residents in exchange for promissory notes of $1,900 each. Each note is secured by a pledge of the shares in Maine HSCP, and payment of the note is to be made solely from dividends paid to the shareholder by Maine HSCP, except for amounts to be paid to the shareholder to cover tax obligations. The Company has the option, exercisable at any time, to buy back the shares, at the higher of fair market value or the remaining balance under the promissory notes. The Maine residents also have the right at any time to put the shares to the Company at the same price.

MSA Terminations
Effective February 13, 2020, subsidiaries of the Company terminated consulting services agreements with three unowned licensed cannabis companies in Massachusetts.

Terminated Transactions

(in thousands, except per share data)

On April 3, 2020, the Company announced the termination of 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 was terminated.

Sale of Acreage North Dakota

On May 8, 2020, the Company sold all equity interests in Acreage North Dakota, LLC, a medical cannabis dispensary license holder and operator, for $1,000.

Standby Equity Distribution Definitive Agreement

On May 28, 2020, the Company reached a definitive agreement with an institutional lender for $50,000 of financing commitments under a Standby Equity Distribution Agreement. The investor commits to purchase up to $50,000 of subordinate voting shares of the Company at a purchase price of 95% of the market price over the course of 24 months from the effective date.

18. QUARTERLY FINANCIAL DATA (unaudited)

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
2019				
Total revenues, net	$ 12,897	$ 17,745	$ 22,402	$ 21,065
Gross profit	5,320	7,613	9,694	7,817
Net loss	(30,804)	(49,265)	(49,502)	(65,591)
Net loss attributable to Acreage	(23,377)	(37,541)	(38,716)	(50,634)
Net loss attributable to Acreage, basic and diluted	$ (0.29)	$ (0.44)	$ (0.43)	$ (0.56)
2018				
Total revenues, net	$ 2,197	$ 2,991	$ 5,755	$ 10,181
Gross profit	841	1,343	2,661	4,575
Net income (loss)	(4,992)	14,809	(12,317)	(29,761)
Net income (loss) attributable to Acreage	(4,836)	14,962	(12,022)	(25,587)
Net income (loss) attributable to Acreage, basic and diluted	$ (0.10)	$ 0.29	$ (0.15)	$ (0.31)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of December 31, 2019 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Inherent Limitations Over Internal Controls

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management, including the Company's Chief Executive Officer and Chief Financial Officer, does not expect that the Company's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Annual Report on Internal Control Over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the Company's registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fourth quarter of 2019, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Name, Municipality of Residence and Title[1]	Principal Occupation for the Past Five (5) Years[1]	Director of the Company Since
John Boehner[2] Director *Marco Island, Florida, U.S.*	Former Speaker of the U.S. House of Representatives	November 14, 2018
Kevin P. Murphy[2] Director & Chief Executive Officer *New York, New York, U.S.*	Chief Executive Officer, Acreage Holdings, Inc. and High Street Capital Partners, LLC	November 14, 2018
Douglas Maine[3] Lead Independent Director *Bedford Corners, New York, U.S.*	Director of Albemarle Corporation	November 14, 2018
Brian Mulroney[3] Director *Montreal, Quebec, Canada*	Senior Partner and Consultant, Norton Rose Fulbright	November 14, 2018
William C. Van Faasen[3] Director *Boston, Massachusetts, U.S.*	Chair Emeritus of Blue Cross Blue Shield of Massachusetts	November 14, 2018

Notes:

(1) The information as to municipality of residence and principal occupation has been furnished by the respective directors and officers of the Company individually.

(2) Member of the Compensation and Corporate Governance Committee.

(3) Member of the Audit Committee.

There are no contracts, arrangements or understandings between any director and any other person (other than the directors and officers of the Company acting solely in such capacity) pursuant to which the director has been or is to be elected as a director.

The following are brief biographies of each of our directors:

John A. Boehner, Director (age 70): 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. Mr. Boehner's business experience and extensive service and leadership in the U.S. House of Representatives, and his insight into public policy, governmental relations and regulatory matters qualify him to serve on our Board.

Kevin P. Murphy, Director and Chief Executive Officer (age 58): Kevin P. Murphy is currently Chair and Chief Executive Officer of the Company, and has served in such capacities since November 2018. Prior to serving in this role, Mr. Murphy served as Founder and Chief Executive Officer of High Street (which was founded in 2014). Prior to his role at High Street, 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. Mr. Murphy's insight into our Company from his current role as the Chief Executive Officer and his extensive knowledge of the cannabis industry and his experiences serving in leadership positions prior to joining the Company qualify him to serve on our Board.

The Right Honorable Brian Mulroney, Director (age 81): Brian Mulroney is a senior partner and international business consultant for Norton Rose Fulbright, an international law firm. 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. Mr. Mulroney's extensive public service as a Prime Minister of Canada, and his insight into public policy, governmental relations and

regulatory matters, as well as his business experience at Iron Ore Company of Canada and his service as a director of Blackstone and Wyndham, qualify him to serve on our Board.

Douglas L. Maine, Director (age 71). Douglas L. Maine joined International Business Machines Corporation ("**IBM**"), a computer hardware company, 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. Mr. Maine's executive business and financial management experience at MCI and IBM, as well as his experience as a director of multiple other public companies, qualify him to serve on our Board.

William C. Van Faasen, Director (age 71): William C. Van Faasen served as Chairman of Blue Cross Blue Shield of Massachusetts, a state licensed private health insurance company under the Blue Cross Blue Shield Association, 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. Mr. Van Faasen's service as chief executive and chief operating experience, and his service Chairman, at Blue Cross Blue Shield of Massachusetts, a private health insurance company in a highly regulated industry, qualify him to serve on our Board.

Other Directorships

Currently, the following directors serve on the boards of other public companies, as listed below:

Name of Director	Other Reporting Issuers
Brian Mulroney	Quebecor Inc. (TSX: QBR)
	The Blackstone Group L.P. (NYSE:BX)
	Wyndham Hotels & Resorts, Inc. (NYSE:WH)
John Boehner	Titan Mining Corporation (TSX:TI)
Douglas Maine	Albemarle Corporation (NYSE:ALB)
William van Faasen	Eversource Energy (NYSE:ES)

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

1. is, as of the date of this Form 10-K, or has been within the ten years prior to the date of this Form 10-K, a director, chief executive officer or chief financial officer of any company, including the Company, that:

    (a) was subject to a cease trade order, a similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; or,

    (b) was subject to a cease trade order, a similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or,

    (c) 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; 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 the proposed director.

2. has, within the ten years before the date of this Form 10-K, 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 the director.

Except as described below, to the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

1. 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,
2. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

On January 11, 2016, Mr. Murphy entered into an agreement to settle a matter in connection with a routine Financial Industry Regulatory Authority ("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.

Ethical Business Conduct

The directors of the Company have adopted a formal written code of ethics and business conduct (the "Code") in addition to compliance with applicable governmental laws, rules and regulations. The Code is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- avoidance of conflicts of interest with the interests of the Company;
- protection and proper use of corporate assets and opportunities;
- compliance with applicable governmental laws, rules and regulations;
- the prompt reporting of any violations of the Code to an appropriate person or person identified in the Code; and
- accountability for adherence to the Code.

The Code sets the minimum standards expected to be met or exceeded in all business and dealings of the Company and provides guidelines to help address new situations. The directors of the Company expect the Company's employees, officers, directors and representatives to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interest and the interests of the Company.

A copy of our Code is available without charge to any person desiring a copy of the Code. You may request a copy of the Code of Conduct by submitting written request to us at our principal offices at 366 Madison Avenue, 11th Floor, New York, New York 10017.

Audit Committee

The Audit Committee met nine times during 2019. The Audit Committee is comprised of three members: William Van Faasen (Chair), Douglas Maine and Brian Mulroney. Each of the members of the Audit Committee meets the independence requirements pursuant to NI 52-110 and each is financially literate within the meaning of NI 52-110. Information concerning the relevant education and experience of the Audit Committee members can be found above in this Form 10-K. The Board has determined that each of Messrs. Van Faasen and Maine qualify under the SEC's rules as an "audit committee financial expert."

Item 11. Executive Compensation.

The purpose of this Statement of Executive Compensation is to describe and explain all significant elements of compensation awarded to, earned by, paid to, or payable to the Company's "Named Executive Officers" for the Company's fiscal year ended December 31, 2019.

The Company's "Named Executive Officers" consist of the Chief Executive Officer and the two most highly compensated executive officers of the Company other than the Chief Executive Officer (each a "Named Executive Officer" and collectively, the "Named Executive Officers"). For the fiscal year ended December 31, 2019, the Company's Named Executive Officers were: (i) Kevin

Murphy, our Chief Executive Officer; (ii) Robert Daino, our Chief Operating Officer; and (iii) Tyson Macdonald, our former Executive Vice President, Corporate Development.

Compensation Components

The executive compensation program during the fiscal year ended December 31, 2019 consisted of two principal components: (i) base salaries and (ii) equity-based compensation. We also provided our executives standard retirement benefits and certain other benefits described below.

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 Company's success, the position and responsibilities of the Named Executive Officers and competitive industry pay practices for other high growth, premium brand companies of similarly sized companies in the industry. The amount of base salary that we paid to each of our Named Executive Officers for 2019 is shown below in the Summary Compensation Table.

Equity-Based Compensation

The long-term component of compensation for executive officers, including the Named Executive Officers, is based on stock options or other security-based compensation. This component of compensation is intended to reinforce management's commitment to long term improvements in the Company's performance.

The Board believes that incentive compensation in the form of stock option grants and other security-based compensation awards which vest over time is beneficial and necessary to attract and retain both senior executives and managerial talent at other levels. Furthermore, the Board believes stock option grants and other security-based compensation awards are an effective long-term incentive vehicle because they are directly tied to share price over a longer period, up to 10 years, and motivate executives to deliver sustained long term performance and increase shareholder value, and have a time horizon that aligns with long-term corporate goals.

During 2019, we granted the following types of awards to our Named Executive Officers:

- *Time-Vesting RSUs.* Restricted Share Units or "RSUs" represent the right to receive shares of our common stock upon vesting. The Time-Vesting RSUs that we granted during 2019 vest contingent on the grantee's continued employment over a period of time, with the specific vesting dates disclosed below in the footnotes to the "Outstanding Equity Awards" table; and

- *Special Canopy Growth RSUs.* In addition to the Time-Vesting RSUs, we also granted our Named Executive Officers a second award of RSUs that vest as follows: one quarter will vest in June of each of 2020 and 2021, and half vest solely if and when Canopy Growth acquires Acreage.

- *Make-Whole RSUs.* Also in connection with the Canopy Growth transaction, on July 31, 2019, the Company issued 981,836 RSUs to the Named Executive Officers with unvested RSUs and stock options ("make-whole awards") as of June 27, 2019. The RSUs were issued to all employees, including the Named Executive Officers, to provide additional incentive for employees that were not eligible to receive the option premium paid by Canopy Growth to our shareholders as of the close of business on June 26, 2019. The vesting conditions of the make-whole awards are subject to the same vesting terms as the unvested options and RSUs held as of the grant date.

We granted each of the awards described above under our Omnibus Plan, which we adopted on November 14, 2018 in connection with the RTO. The value of the RSUs that we granted during 2019 appear in the "Stock Awards" column of the Summary Compensation Table below.

Special Canopy Growth RSUs

Pursuant to the Arrangement Agreement, as a condition to the implementation of the Arrangement, Kevin Murphy must enter into an agreement (a "Lockup and Incentive Agreement") with the Company and Canopy Growth. In addition, pursuant to the Arrangement Agreement, the Company and the other Named Executive Officers as well as Glen Leibowitz, Chief Financial Officer, and James Doherty, General Counsel and Secretary (together with Kevin Murphy, the "Key Individuals"), entered into Lockup

and Incentive Agreements with Canopy Growth. Such Lockup and Incentive Agreements were and continue to be necessary to ensure the retention and incentivization of the Key Individuals for a potentially extended period of time, of up to seven and a half years, and to keep them singularly focused on growing the U.S. business for the benefit of the combined entity throughout this time. The Lockup and Incentive Agreements are also designed to reward the Key Individuals for creating shareholder value during the period between the implementation of the Arrangement and the closing of the transaction with Canopy Growth and to discourage them from considering other, potentially lucrative opportunities, outside of Acreage. These agreements align their interests with all shareholders. Pursuant to the Lockup and Incentive Agreements: (i) 981,836 Acreage RSUs will be awarded to each Key Individual under the Omnibus Incentive Plan, each of which will entitle the Key Individual to receive one Subordinate Voting Share upon vesting, subject to receipt of any approval from Shareholders required under applicable Securities Laws, and will be exchanged for an RSU of Canopy Growth on the basis of the Exchange Ratio following completion of the acquisition; (ii) each Key Individual will agree not to sell or otherwise transfer in any manner two-thirds of the Acreage securities (including Acreage RSUs, and securities which may be converted or exchanged for Acreage securities) which he currently owns or has control or direction over, and over which he may acquire ownership or control or direction; and (iii) each Key Individual will agree to not compete with Acreage or any successor for one year after his employment ends, provided that he will be entitled to a one-year severance payment if his employment is terminated without cause following the acquisition. The locked-up securities will be released from the Lockup and Incentive Agreements according to a schedule set forth therein.

The value of the Special Canopy Growth RSUs as of the grant date, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, was $15,346,097 to each Named Executive Officer, which is equal to the number of Special Canopy Growth RSUs times the closing price of Acreage's Subordinate Voting Shares of $16.45 on the grant date.

Other Compensation and Retirement Plans

In addition to the benefits described above, we also provide our Named Executive Officers with a limited number of other benefits which disclosed and described in the Summary Compensation Table and related footnotes below. Our Named Executive Officers were also eligible to defer compensation into our tax-qualified 401(k) plan on the same basis as our other salaried employees. At this time, the Company does not make any matching or other company contributions to the 401(k) plan. We do not provide any other retirement plans or benefits to our Named Executive Officers other than the 401(k) plan.

Employment and Severance Agreements

We have not entered into any employment, severance, change in control, or similar agreements with any of our Named Executive Officers.

Restrictions on Hedging

The Company's Insider Trading and Reporting Policy prohibits the Company's officers (including the Named Executive Officers), directors and employees from buying or selling financial instruments that are designed to hedge or offset a decrease in market value of equity securities of the Company granted as compensation or held, directly or indirectly, by such individuals.

Summary Compensation Table

The following table sets out the compensation for the Company's Named Executive Officers for the years ended December 31, 2019 and December 31, 2018:

Name and Principal Position	Fiscal Year	Salary (US$)	Bonus (US$)	Stock Awards (US$)[1]	Option Awards (US$)	Non-Equity Incentive Plan Compensation (US$)	All Other Compensation (US$)[2]	Total Compensation (US$)
Kevin P. Murphy								
Chief Executive	2019	$375,000	—	$16,627,588	—	—	$36,230	$17,038,818
Officer	2018	$375,000	—	—	$10,098,000	—	-	$10,473,000
Robert Daino								
Chief Operating	2019	$350,000	—	$16,627,588	—	—	$128,114	$17,105,702
Officer	2018	$196,212	—	$15,000,000	$4,488,000	—	$23,801	$19,708,013
Tyson Macdonald								
EVP Corporate	2019	$275,000	—	$16,720,589	—	—	$93,622	$17,089,211
Development	2018	$193,750	—	$2,437,500	$2,337,500	—	$20,719	$5,064,469

Notes:

(1) Represents the aggregate grant date fair value of all RSUs (including the Special Canopy Growth RSUs) that the Company granted to each Named Executive Officer during 2019, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, which excludes the effect of estimated forfeitures. Further information regarding the valuation of equity awards can be found in Note 12 to our Consolidated Financial Statements in this Form 10-K.

(2) For Mr. Murphy, represents the cost of the apartment that the Company provides for him to use when he is required to be present at the Company's office in New York City ($26,377) plus a tax gross up on such benefit ($9,853). For Mr. Daino, includes the cost of the apartment that the Company provides for him to use when he is required to be present at the Company's office in New York City ($48,775); reimbursement for travel expenses to New York City ($20,218); and a tax gross up on the foregoing benefits ($59,121). For Mr. Macdonald, includes the cost of the apartment that the Company provides for him to use when he is required to be present at the Company's office in New York City ($17,686); reimbursement for travel expenses to New York City ($35,163); and a tax gross up on the foregoing benefits ($40,773).

Outstanding Equity Awards as of December 31, 2019

The following table sets out information concerning all outstanding share-based awards and option-based awards granted by the Company to the Company's Named Executive Officers as at December 31, 2019.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options - Exercisable (#)[1]	Number of Securities Underlying Unexercised Options - Unexercisable (#)[1]	Option Exercise Price (US$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (US$)[2]
Kevin P. Murphy	180,000	360,000	$25.00	11/14/2028	1,064,300[3]	$6,300,656
Robert Daino	80,000	160,000	$25.00	11/14/2028	1,202,847[4]	$7,120,854
Tyson Macdonald	41,666	83,334	$25.00	11/14/2028	1,023,972[5]	$6,061,914

Notes:

(1) All option awards were granted on November 14, 2018, and vest in eight substantially equal quarterly installments beginning on February 14, 2020.

(2) Calculated as the Number of Shares or Units of Stock that Have Not Vested multiplied by the closing market price of our common stock on December 31, 2019, which was $5.92.

(3) Represents 82,464 RSUs that were granted on July 31, 2019 and that vest in quarterly installments beginning on February 14, 2020 and 981,836 RSUs that were granted on June 27, 2019, half of which vest on the three-month anniversary of the closing of Canopy Growth's acquisition of Acreage and the other half of which vest in two equal installments on June 27, 2020 and June 27, 2021.

(4) Represents 71,011 RSUs that were granted on July 31, 2019 and that vest 17,180 on each of March 11, 2020 and June 11, 2020, and then in eight substantially equal quarterly installments beginning on February 14, 2020; 981,836 RSUs that were granted on June 27, 2019, half of which vest on the three-month anniversary of the closing of Canopy Growth's acquisition of Acreage and the other half of which vest in two equal installments on June 27, 2020 and June 27, 2021; and 150,000 RSUs that were granted on November 14, 2018 and that vest in two equal installments on March 11, 2020 and June 11, 2020.

(5) Represents 23,385 RSUs that were granted on July 31, 2019 and that vest 4,296 on March 15, 2020 and the remainder of which vest in eight substantially quarterly installments beginning on February 14,2020; 981,836 RSUs that were granted on June 27, 2019, half of which vest on the three-month anniversary of the closing of Canopy Growth's acquisition of Acreage and the other half of which vest in two equal installments on June 27, 2020 and June 27, 2021; and RSUs granted on March 12, 2019 and November 14, 2018 in the amount of 6,563 and 12,188, respectively, that all vest on March 15, 2020.

Termination and Change of Control Benefits

None of the Named Executive Officers are entitled to any payments following or in connection with any termination, resignation, retirement, change in control or change in the responsibilities of the Named Executive Officers, except for the following:

- As disclosed above, half of the Special Canopy Growth RSUs granted to each of the Named Executive Officers vest solely upon the three-month anniversary of Canopy Growth's acquisition of Acreage. In addition, under the terms of the Special Canopy Growth RSUs, the Named Executive Officers are subject to a non-compete covenant that continues for one year after their termination of employment for any reason, but if the Company terminates their employment without cause, then we would be required to pay them one year of severance to enforce the non-compete.

- Pursuant to the terms of our Omnibus Incentive Plan, all outstanding stock options will become fully exercisable immediately before a change in control, and any RSUs (other than the Special Canopy Growth RSUs, which are subject to the conditions described above) will become fully vested upon the change in control (assuming, if applicable, that any performance criteria were achieved at the target level), unless the surviving entity agrees to assume the awards or issue substitute awards.

Director Compensation

During the 12 months ended December 31, 2019, the Company did not pay compensation to its directors in the form of annual fees for attending meetings of the Board. Directors do not receive additional compensation for acting as chairs of committees of the Board. During 2019, each non-employee director was reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Board, committees of the Board or meetings of the Company's shareholders. The non-employee directors did receive make-whole awards in connection with the transaction with Canopy Growth, as described in the table below.

Director Compensation Table

The following table sets forth information concerning the compensation earned by the non-executive directors during the 12 months ended December 31, 2019.

Name	Fees Earned (US$)	Share-Based Awards (US$)[1][2]	Option Awards (US$)[3]	All Other Compensation (US$)	Total (US$)
John Boehner	—	$855,545	—	—	$855,545
William F. Weld[4]	—	$855,545	—	—	$855,545
Larissa L. Herda[5]	—	$580,922	—	—	$580,922
Douglas Maine	—	$580,922	—	—	$580,922
Brian Mulroney	—	$1,423,241	—	—	$1,423,241
William C. Van Faasen	—	$580,922	—	—	$580,922

Notes:

(1) Represents the grant date fair value, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, of the following number of make-whole awards granted on July 31, 2019 and that vest in two installments on November 14 of 2020 and 2021, contingent on the director's continued service: Mr. Boehner and Mr. Weld - 67,472; Ms. Herda, Mr. Maine, and Mr. Van Faasen - 45,814; Mr. Mulroney - 112,243 . The make-whole awards were not granted as compensation to directors for their service on the Board, but rather to provide incentive to unvested equity holders who were not eligible to receive the option premium paid by Canopy Growth to shareholders as of the close of business on June 26, 2019. Further information regarding the valuation of equity awards can be found in Note 12 to our Consolidated Financial Statements.

(2) As of December 31, 2019, the directors had the following number of stock awards outstanding: Mr. Boehner and Mr. Weld - 67,472 RSUs and 312,500 C-1 Units; Mr. Van Faasen and Mr. Maine - 57,211 RSUs; Mr. Mulroney - 214,830 RSUs; and Ms. Herda - 73,597 RSUs. The C-1 Units are profit interests in High Street Capital Partners, LLC which are potentially convertible into common units of High Street Capital Partners, LLC. Common units of High Street Capital Partners, LLC are convertible into Subordinate Voting Shares.

(3) As of December 31, 2019, the directors had the following number of option awards outstanding: Mr. Boehner and Mr. Weld - none; Ms. Herda, Mr. Maine and Mr. Van Faasen - 160,000; Mr. Mulroney - 280,000.

(4) Mr. Weld resigned as a director on February 14, 2020.

(5) Ms. Herda resigned as a director on March 24, 2020.

Meeting Attendance

The board met ten times during 2019, and each of our directors, with the exception of former director William F. Weld, attended 75% or more of the aggregate number of meetings of the board and the committees on which he or she served, in each case while the director was serving on our board of directors or such committees, as applicable. The Board met in executive sessions during all regularly scheduled in-person meetings, without management present, and plans to continue that process going forward. The lead independent director presided over these executive sessions. Mr. Murphy and Mr. Van Faasen attended our 2019 Annual Meeting.

Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee met three times during 2019. The Compensation and Corporate Governance Committee was comprised of three members during 2019: Larissa L. Herda (Chair), John Boehner and Kevin P. Murphy. Larissa L. Herda was independent for purposes of NI 58-101. The Compensation and Corporate Governance Committee is currently comprised of John Boehner and Kevin P. Murphy.

The principal duties and responsibilities of the Compensation and Corporate Governance Committee are to assist the Board in discharging its oversight of:

- executive and director compensation;
- executive compensation disclosure;
- management development and succession;
- the Company's overall approach to corporate governance;
- the size, composition and structure of the 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 Board.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth information with respect to the Acreage Holdings, Inc. Omnibus Plan (the "Omnibus Plan") under which equity securities of the Company are authorized for issuance as of December 31, 2019:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	5,607,377	$ 21.56	4,903,545
Equity compensation plans not approved by security holders	—	—	—
Total	5,607,377	$ 21.56	4,903,545

Subject to adjustment provisions as provided in the Omnibus Plan, the maximum number of Class A Subordinate Voting Shares that may be issued under the Omnibus Plan shall be equal to 15% of the number of issued and outstanding Class A Subordinate Voting Shares from time to time, on an as converted to Class A Subordinate Voting Shares basis. Such awards may be made in any form permitted under the Omnibus Plan, in any combinations approved by the Compensation and Corporate Governance Committee. For the purposes of this Annual Report, the term "as converted to Class A Subordinate Voting Shares basis" includes the conversion of the Class B Proportionate Voting Shares and Class C Multiple Voting Shares and the redemption or exchange, as applicable, on a 1:1 basis of the Units of High Street and Class B Non-Voting Common Shares of Acreage Holdings WC, Inc. into Class A Subordinate Voting Shares.

The following table sets forth information with respect to the beneficial ownership of our shares as of May 27, 2020 by: each current director and director nominee; each executive officer appearing in the Statement of Executive Compensation; all directors and executive officers as a group; and any person who is known to us to beneficially own more than 5% of the outstanding shares based on our review of the reports regarding ownership filed with the SEC in accordance with Sections 13(d) and 13(g) of the Exchange Act.

Name of Beneficial Owner/Class of Stock[1]	Share Ownership and Percentage of Class[2]	Percentage of Aggregate Voting Power
John Boehner		*
Class A Subordinate Voting Shares[3]	109,139	
	*	
Class B Proportionate Voting Shares	—	
Class C Multiple Voting Shares	—	
Common Units of High Street Capital Partners, LLC	360,107	
	*	
Kevin P. Murphy		84.5%
Class A Subordinate Voting Shares[3]	1,676,407	
	1.9%	
Class B Proportionate Voting Shares	113,102	
	20.3%	
Class C Multiple Voting Shares	168,000	
	100%	
Common Units of High Street Capital Partners, LLC	15,957,908	
	12.99%	
Douglas Maine		*
Class A Subordinate Voting Shares[3]	185,814	
	*	
Class B Proportionate Voting Shares	—	
	—	
Class C Multiple Voting Shares	—	
	—	
Common Units of High Street Capital Partners, LLC	—	
	—	
Brian Mulroney		*
Class A Subordinate Voting Shares[3]	457,243	
	*	
Class B Proportionate Voting Shares	—	
Class C Multiple Voting Shares	—	
Common Units of High Street Capital Partners, LLC	—	
William C. Van Faasen		*
Class A Subordinate Voting Shares[3]	193,814	
	*	
Class B Proportionate Voting Shares	4,973	
	*	
Class C Multiple Voting Shares	—	
Common Units of High Street Capital Partners, LLC	—	
Robert Daino		*
Class A Subordinate Voting Shares[3]	1,887,023	

Name of Beneficial Owner/Class of Stock[1]	Share Ownership and Percentage of Class[2]	Percentage of Aggregate Voting Power
	2.1%	
Class B Proportionate Voting Shares	—	
Class C Multiple Voting Shares	—	
Common Units of High Street Capital Partners, LLC	—	
All directors and executive officers as a group (8 people)		84.7%
Class A Subordinate Voting Shares[3]	7,491,497	
	8.3%	
Class B Proportionate Voting Shares	118,075	
	*	
Class C Multiple Voting Shares	168,000	
	100%	
Common Units of High Street Capital Partners, LLC	16,744,452	
	13.57%	

Notes:

* Less than 1%.

(1) Unless otherwise indicated, the address for each beneficial owners is 366 Madison Ave, 11th Floor, New York, NY 10017.

(2) All information with respect to beneficial ownership is based upon filings made by the respective beneficial owners with the SEC or information provided to us by such beneficial owners. Except as indicated in the footnotes to this table, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws.

(3) Includes 0 Class A Subordinate Voting Shares subject to acquisition by John Boehner, 270,000 Class A Subordinate Voting Shares subject to acquisition by Kevin P. Murphy, 53,333 Class A Subordinate Voting Shares subject to acquisition by Douglas Maine, 53,333 Class A Subordinate Voting Shares subject to acquisition by William C. Van Faasen, 93,333 Class A Subordinate Voting Shares subject to acquisition by Brian Mulroney, 120,000 Class A Subordinate Voting Shares subject to acquisition by Robert Daino, in each case, pursuant to the exercise of stock options held as of May 27, 2020 that were then vested or that will vest within 60 days thereafter.

(4) Includes 41,667 Class A Subordinate Voting Shares subject to acquisition by John Boehner, 1,053,992 Class A Subordinate Voting Shares subject to acquisition by Kevin P. Murphy, 103,878 Class A Subordinate Voting Shares subject to acquisition by Douglas Maine, 103,878 Class A Subordinate Voting Shares subject to acquisition by William C. Van Faasen, 107,413 Class A Subordinate Voting Shares subject to acquisition by Brian Mulroney, 1,439,419 Class A Subordinate Voting Shares subject to acquisition by Robert Daino, in each case, pursuant to the exercise of restricted stock units held as of May 27, 2020 that were then vested or that will vest within 60 days thereafter.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Except as disclosed below and elsewhere in this Form 10-K, neither the Company nor any director or officer of the Company, nor any other insider of the Company, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the Company's most recently completed year, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Company.

Related Party Transactions

The Compensation and Corporate Governance Committee is charged with reviewing and approving all related-party transactions and preparing reports for the Board on such-related party transactions.

Board of Directors

Composition and Independence

The Board is currently comprised of five members. All but two of the five directors are considered to be not independent under the CSA Guidelines and in accordance with National Instrument 52-110 - *Audit Committees* ("NI 52-110"). 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 Board, be reasonably expected to interfere with such director's exercise of independent judgment. The directors of the Company who are independent are Brian Mulroney, Douglas Maine and William C. Van Faasen. Mr. Murphy is not independent, given that he is the Chief Executive Officer of the Company, and Mr. Boehner is not independent because he received more than C$75,000 in direct compensation

from High Street for advisory services and related matters within a twelve month period during the past three years. As three out of the five directors of the Company are independent, a majority of directors are independent. Currently, our Board believes it is in the best interests of the Company for the roles of Chair and Chief Executive Officer to be combined and to appoint a lead independent director. Our Board believes that this leadership structure currently assists our Board in creating a unified vision for our Company, streamlines accountability for our performance and facilitates our Board's efficient and effective functioning. Douglas Maine is the current lead independent director of the Company. The lead independent director is expected to coordinate the activities of the other independent directors and to perform such other duties and responsibilities as the Board may direct.

The independent directors meet for in camera sessions without non-independent directors and members of management at the end of each regular Board meeting (unless they waive such requirement).

Item 14. Principal Accounting Fees and Services.

The following table sets forth, by category, the fees for all services rendered by the Company's current auditor, Marcum LLP, for the period commencing October 3, 2019 and ending December 31, 2019, all of which were approved by the Audit Committee.

	October 3 - December 31, 2019 (US$)
Audit Fees	$900,000
Audit Related Fees	$45,000
Tax Fees	—
All Other Fees	$1,122,500[(1)]

Notes:

(1) Fees billed for services by Marcum LLP for financial diligence for transactions.

The following table sets forth, by category, the fees for all services rendered by the Company's former auditor, MNP LLP, for the period commencing November 14, 2018 and ending December 31, 2018 and for the period commencing January 1, 2019 and ending October 3, 2019, all of which were approved by the Audit Committee. MNP LLP was appointed as auditor on November 14, 2018 upon completion of the RTO.

	November 14 - December 31, 2018 (US$)	**January 1 - October 3, 2019 (US$)**
Audit Fees	$500,000	$106,690
Audit Related Fees	—	$425,769
Tax Fees	—	—
All Other Fees	$29,000[(1)]	$92,370

Notes:

(1) Fees billed for services by MNP LLP in 2019 for preparation of a shelf prospectus, the management information circular, consent fees and due diligence relating to transactions; in 2018, the fees billed were in connection with matters related to the RTO.

The following table sets forth, by category, the fees for all services rendered by the Company's auditor prior to completion of the RTO, RSM Canada LLP, for the financial year ended August 31, 2018 and for the period commencing September 1, 2018 and ending November 14, 2018, all of which were approved by the Audit Committee. RSM Canada LLP ceased to act as auditor on November 14, 2018.

	August 31, 2018 (C$)	**September 1 - November 14, 2018[(1)] (C$)**
Audit Fees	$6,300	—
Audit Related Fees[(2)]	$4,200	—
Tax Fees[(3)]	$1,575	—
All Other Fees	—	—

Notes:

(1) In connection with the completion of the RTO, the Company's year end was changed from August 31 to December 31, 2018. Fees billed for audit services from the period from completion of the Company's year end prior to completion of the RTO to the completion of the Company's post-RTO year end.
(2) Fees billed for assurance and related services by RSM Canada LLP in connection with the Company's interim review procedures.
(3) Fees billed for professional services rendered by RSM Canada LLP for tax compliance, tax advice, and tax planning for the subject year.

The Audit Committee has access to all of the Company's books, records, facilities and personnel and may request any information about the Company as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee, and is responsible for the pre-approval of all non-audit services to be provided by our auditors. All such services were pre-approved for the year ending December 31, 2019.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of this report

(1) All Financial Statements

Our consolidated financial statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements and notes thereto included in this Form 10-K.

(3) Exhibits Required by Item 601 of Regulation S-K

Exhibit Index

Exhibit No.	Description of Document	Incorporated by Reference				Filed or Furnished Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
2.1	Arrangement Agreement between Canopy Growth Corporation and Acreage Holdings Inc. dated April 18, 2019.†	6-K	000-56021	99.2	4/30/2019	
2.2	First Amendment to Arrangement Agreement between Canopy Growth Corporation and Acreage Holdings, Inc., dated May 15, 2019.	6-K	000-56021	99.2	6/20/2019	
2.3	Agency Agreement, between Canaccord Genuity Corp. and Acreage Holdings, Inc., dated February 10, 2020.	8-K	000-56021	1.1	2/13/2020	
3.1	Articles of Incorporation.					X
4.1	Form of Indenture.	F-10	333-232313	7.1	6/24/2019	
4.2	Credit Agreement dated February 7, 2020.	8-K	000-56021	4.1	2/13/2020	
4.3	Special Warrant Indenture, between Acreage Holdings, Inc. and Odyssey Trust Company, dated February 10, 2020.	8-K	000-56021	4.2	2/13/2020	
4.4	Warrant Indenture, between Acreage Holdings, Inc. and Odyssey Trust Company, dated February 10, 2020.	8-K	000-56021	4.3	2/13/2020	

Exhibit No.	Description of Document	Incorporated by Reference				Filed or Furnished Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
4.5	Credit Agreement, dated March 11, 2020, by and among Acreage Finance Delaware, LLC, Acreage IP Holdings, LLC, Prime Wellness of Connecticut, LLC, D&B Wellness, LLC, Thames Valley Apothecary, LLC and IP Investment Company, LLC.					X
4.6	Security Agreement, dated March 11, 2020, by and among Acreage IP Holdings, LLC and IP Investment Company, LLC					X
4.7	Guaranty, dated March 11, 2020, of Acreage IP Holdings, LLC to IP Investment Company, LLC.					X
4.8	Second Amending Agreement, effective March 11, 2020.					X
4.9	Description of Securities					X
10.1	Acreage Holdings, Inc. Omnibus Incentive Plan, as amended and restated August 19, 2019.+					X
10.2	Form of Stock Option Award Agreement.+					X
10.3	Form of Restricted Stock Award Agreement.+					X
10.4	Form of Indemnity Agreement.					X
10.5	Third Amended and Restated Limited Liability Agreement, dated November 14, 2018.	40-F	000-56021	99.42	1/29/2019	
10.6	First Amendment to Third Amended and Restated Limited Liability Agreement, dated November 14, 2018, dated May 10, 2019.					X
10.7	Second Amendment to Third Amended and Restated Limited Liability Agreement, dated November 14, 2018, dated June 27, 2019.					X
10.8	Tax Receivables Agreement, by and among Acreage Holdings America, Inc., High Street Capital Partners, LLC and the members of the High Street Capital Partners, LLC, dated November 14, 2018.	40-F	000-56021	99.43	1/29/2019	
10.9	Coattail Agreement, between Acreage Holdings, Inc. and Odyssey Trust Fund, dated November 14, 2018.	40-F	000-56021	99.41	1/29/2019	
10.10	Support Agreement, between Acreage Holdings, Inc. and Acreage Holdings WC, Inc., dated November 14, 2018.	40-F	000-56021	99.44	1/29/2019	
10.11	Support Agreement, by and among Acreage Holdings, Inc., Acreage Holdings America, Inc. and High Street Capital Partners, dated November 14, 2018.	40-F	000-56021	99.45	1/29/2019	
21.1	Subsidiaries as of December 31, 2019.					X
23.1	Consent of Marcum LLP, the Independent Registered Public Accounting Firm of Acreage Holdings, Inc.					X
24.1	Power of Attorney (included on the signature page).					

Exhibit No.	Description of Document	Incorporated by Reference				Filed or Furnished Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
31.1	Certification of Periodic Report by Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Periodic Report by Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
101	Attached as Exhibit 101 to this report are the following documents formatted in iXBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2017, 2018, 2019, (ii) Consolidated Balance Sheets at December 31, 2018 and 2019, (iv) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2017, 2018 and 2019, (v) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2018 and 2019, and (vi) Notes to Consolidated Financial Statements for the year ended December 31, 2019.					X

+ Indicates management contract or compensatory plan.
* Document has been furnished, is not deemed filed and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.
† Certain schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the SEC upon request.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 29, 2020

Acreage Holdings, Inc.

By: /s/ Glen Leibowitz
Glen Leibowitz
Chief Financial Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kevin Murphy and Glen Leibowitz, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Kevin Murphy Kevin Murphy	Chairman and Chief Executive Officer (Principal Executive Officer)	May 29, 2020
/s/ Glen Leibowitz Glen Leibowitz	Chief Financial Officer (Principal Financial Officer)	May 29, 2020
/s/ Todd Fisher Todd Fisher	Chief Accounting Officer (Principal Accounting Officer)	May 29, 2020
/s/ John Boehner John Boehner	Director	May 29, 2020
/s/ Douglas Maine Douglas Maine	Director	May 29, 2020
/s/ Brian Mulroney Brian Mulroney	Director	May 29, 2020
/s/ William Van Faasen William Van Faasen	Director	May 29, 2020

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Section 2: EX-3.1 (EXHIBIT 3.1)

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")

ARTICLES

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

SUBORDINATE VOTING SHARES

The Company will be authorized to issue an unlimited number of Class A subordinate voting shares ("**Subordinate Voting Shares**"), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

26.1 Voting

The holders of 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 Purchaser Call Option

Each issued and outstanding Subordinate Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Subordinate Voting Share rights:

(a) "**Arrangement Agreement**" means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;

(b) "**Plan of Arrangement**" means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy

Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and

(c) "**Purchaser Call Option"** has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares.

26.4 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, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Subordinate Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the Exchange Ratio (as defined in the Plan of Arrangement). 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 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.

26.5 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 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 40; and (ii) the amount of such distribution per Multiple Voting Share.

26.6 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.

ARTICLE 27 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO PROPORTIONATE VOTING SHARES

PROPORTIONATE VOTING SHARES

The Company will be authorized to issue an unlimited number of Class B proportionate voting shares ("**Proportionate Voting Shares**"), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

27.1 Voting

The holders of 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 27.3 and 27.4, each Proportionate Voting Share shall entitle the holder to 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 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 vote and each fraction of a Proportionate Voting Share or Multiple Voting Share will entitle the holder to the corresponding fraction of one vote.

27.3 Shares Superior to Proportionate Voting Shares

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.

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 vote and each fraction of a Proportional Voting Share and Multiple Voting Share shall entitle the holder to the corresponding fraction of one vote.

27.4 Purchaser Call Option

Each issued and outstanding Proportionate Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Proportionate Voting Share rights:

(a) "**Arrangement Agreement**" means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;

(b) "**Plan of Arrangement**" means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and

(c) "**Purchaser Call Option**" has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part

of the rights, privileges, restrictions and conditions attached to the Proportionate Voting Shares.

27.5 Dividends

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, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Proportionate Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the PVS Exchange Ratio (as defined in the Plan of Arrangement). 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 40; and (ii) on the Multiple Voting Shares in an amount equal to the dividend declared per Proportionate Voting Share divided by 40.

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.

27.6 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 40; and (ii) the amount of such distribution per Multiple Voting Share multiplied by 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.

27.7 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.

27.8 Voluntary Conversion

Subject to the Conversion Limitation set forth in this Article 27.8, 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 40. Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 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. Fractions of Multiple Voting Shares may be converted into such number of Subordinated Voting Shares as is determined by multiplying the fraction by one.

(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 27.8 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 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 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 prorated among each holder of Proportionate Voting Shares or Multiple Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of Articles 27.8(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 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 five business days of such response, then the Company and the holder shall, within 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 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 27.8(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 27.8(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.

27.9 Mandatory Conversion

Notwithstanding anything to the contrary contained in this Article 27, on the Acquisition Date, each issued and outstanding Proportionate Voting Share shall be automatically converted, in accordance with the Plan of Arrangement, into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares by 40. Fractions of Proportionate Voting Shares shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 40.

ARTICLE 28 - SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO MULTIPLE VOTING SHARES

MULTIPLE VOTING SHARES

The Company will be authorized to issue 168,000 Class C multiple voting shares ("**Multiple Voting Shares**"), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

28.1 Voting

The holders of 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 28.4 and 28.5, each Multiple Voting Share shall entitle the holder to 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 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 vote and each fraction of a Multiple Voting Share will entitle the holder to the corresponding fraction of one vote.

28.3 Shares Superior to Multiple Voting Shares

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.

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 vote and each fraction of a Multiple Voting Share shall entitle the holder to the corresponding fraction of one vote.

28.4 Purchaser Call Option

Each issued and outstanding Multiple Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Multiple Voting Share rights:

(a) "**Arrangement Agreement**" means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;

(b) "**Plan of Arrangement**" means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and

(c) "**Purchaser Call Option**" has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part of the rights, privileges, restrictions and conditions attached to the Multiple Voting Shares.

28.5 Issuance

No additional Multiple Voting Shares are issuable following the date of the Arrangement Agreement. Issuance

28.6 Dividends

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, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Multiple Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such

particular time, is multiplied by (ii) the Exchange Ratio (as defined in the Plan of Arrangement). 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 40.

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.

28.7 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 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.

28.8 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.

28.9 Transfer of Multiple Voting Shares

No Multiple Voting Share may be sold, transferred, assigned, pledged or otherwise disposed of, other than: (i) in connection with the conversion of Multiple Voting Shares into Subordinate Voting Shares; (ii) to an immediate family member of the holder; or (iii) a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by the holder or immediate family members of the holder or which the holder or immediate family members of the holder are the sole beneficiaries thereof.

28.10 Mandatory Conversion

Notwithstanding anything to the contrary contained in this Article 28,on the Acquisition Date, each issued and outstanding Multiple Voting Share shall be automatically converted, in accordance with the Plan of Arrangement, into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by one. Fractions of Multiple Voting Shares shall be converted into such number of Subordinated Voting Shares as is determined by multiplying the fraction by one.

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.

APPENDIX A

(TO RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS
ATTACHING TO THE COMPANY SHARES)

TERMS OF PURCHASER CALL OPTION

Each Purchaser Call Option shall be granted upon and shall be subject to the following terms and conditions:

Definitions

Capitalized terms used but not defined in this Appendix A shall have the meaning ascribed thereto in the Plan of Arrangement (the "**Plan of Arrangement**").

Grant of Purchaser Call Option

Pursuant to Section 3.1(c) or Section 3.1(e) of the Plan of Arrangement, as applicable, and subject to the terms and conditions of the Plan of Arrangement, including Exhibit B thereto and this Appendix A, the Call Option Grantor grants to the Purchaser, on the Effective Time on the Effective Date (the "**Call Option Grant Date**"), an option (the "**Purchaser Call Option**") to purchase all of the Company Shares held by the Call Option Grantor on the Acquisition Date immediately following the exchanges referred to in Section 3.1(i)(i) and Section 3.1(i)(iii) of the Plan of Arrangement (such Company Shares, the "**Purchaser Call Option Shares**"), in each case subject to the terms and conditions set out in the Plan of Arrangement, including Exhibit B thereto and this Exhibit A.

Exercise of Purchaser Call Option Prior to Triggering Event Date

The Purchaser Call Option may be exercised by the Purchaser in its sole discretion at any time prior to the Triggering Event Date and before the Purchaser Call Option Expiry Date by delivering to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Exercise of Purchaser Call Option Following Triggering Event Date

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, effective at 5:00 p.m. (Toronto time) on the Triggering Event Date, the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares.

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall, within two Business Days of the Triggering Event Date, deliver to the

Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

If the Purchaser fails to deliver a Purchaser Call Option Exercise Notice to the Depositary in accordance with the immediately preceding paragraph, the Company shall be entitled and shall be required, forthwith following such failure by the Purchaser, to deliver to the Depositary (with a copy to the Purchaser) a Triggering Event Notice specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Issuance of Company Shares Following Exercise or Deemed Exercise of Option

Where a Purchaser Call Option is granted or deemed to be granted pursuant to Section 3.1(e) of the Plan of Arrangement at any time following the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, such Purchaser Call Option effective immediately following the grant or deemed grant of such Purchaser Call Option pursuant to Section 3.1(e) of the Plan of Arrangement.

Expiry of Purchaser Call Option

If the Purchaser Call Option has not been exercised or deemed to have been exercised prior to the Purchaser Call Option Expiry Date, the Purchaser Call Option shall expire and terminate effective as of the Purchaser Call Option Expiry Date and thereafter shall be of no further force or effect.

Notwithstanding anything to the contrary contained herein, if the Purchaser Call Option is exercised or deemed to be exercised prior to the Purchaser Call Option Expiry Date but the closing of the Acquisition has not occurred by the Acquisition Closing Outside Date, the Purchaser Call Option shall expire and terminate effective as of the Acquisition Closing Outside Date and thereafter shall be of no further force or effect.

Effect of Exercise or Deemed Exercise of Purchaser Call Option

Upon the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall be required to purchase from each Call Option Grantor, and each Call Option Grantor shall be required to sell to the Purchaser, on the Acquisition Date, the Company Subordinate Voting Shares held by such Call Option Grantor immediately following the exchange referred to in Section 3.1(i)(iii) of the Plan of Arrangement (which for clarity shall include any Company Subordinate Voting Shares received by such Call Option Grantor upon the exchange referred to in Section 3.1(i)(i) of the Plan of Arrangement), in consideration for the payment by the Purchaser to such Call Option Grantor of the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration) for each Company Subordinate Voting Share acquired from such Call Option Grantor, all in accordance with this Exhibit B and the Plan of Arrangement.

Purchase and Sale of Purchaser Call Option Shares Following Exercise of Purchaser Call Option

The closing of the purchase and sale of Purchaser Call Option Shares following the exercise or deemed exercise by the Purchaser of the Purchaser Call Option shall occur on the Acquisition Date as follows:

1) Following the exchange referred to in Section 3.1(i)(iii) of the Plan of Arrangement, Company Non-U.S. Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(i)(v) of the Plan of Arrangement; and

2) Following the exchange by Company Non-U.S. Shareholders of their Company Subordinate Voting Shares to the Purchaser in accordance with Section 3.1(i)(v) of the Plan of Arrangement, Company U.S. Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(i)(vii)(F) of the Plan of Arrangement.

On the Acquisition Date, the Purchaser shall issue to the holder of a Purchaser Call Option Share, for each Purchaser Call Option Share acquired, the Purchaser Share Consideration (or, to the extent applicable, any Alternate Consideration), in accordance with Section 5.1 of the Plan of Arrangement.

Assignment of Company Shares Prior to the Acquisition Date

Notwithstanding the foregoing, the Purchaser Call Option shall not prohibit the sale, assignment or transfer of Company Shares by Call Option Grantors at any time, or from time to time, prior to the Acquisition Date. A Company Shareholder that sells, assigns or transfers Company Shares prior to the Acquisition Date shall, following such sale, assignment or transfer, not be subject to the terms of the Purchaser Call Option in respect of such Company Shares (except to the extent such Company Shareholder subsequently re-acquires such Company Shares). For greater certainty, any acquirer of Company Shares following such sale, assignment or transfer shall be subject to the terms of the Purchaser Call Option in respect of such Company Shares.

Holders of Common Membership Units and USCo2 Class B Shares

The terms provided herein with respect to Company Shares shall apply in all respects to the holders of Common Membership Units and USCo2 Class B Shares except that the Purchaser Call Option may not be exercised before three years after the Acquisition Date with respect to these holders. The exercise of the Purchaser Call Option with respect to these holders is to be effectuated in a manner consistent with Exhibit 1 and Exhibit 2 of the Arrangement Agreement.

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Section 3: EX-4.5 (EXHIBIT 4.5)

Execution Copy

ACREAGE FINANCE DELAWARE, LLC

as Borrower

and

ACREAGE IP HOLDINGS, LLC

and

PRIME WELLNESS OF CONNECTICUT, LLC

and

D&B WELLNESS, LLC

and

THAMES VALLEY APOTHECARY, LLC

as Guarantors

and

IP INVESTMENT COMPANY, LLC

as Lender, Administrative Agent and Collateral Agent

CREDIT AGREEMENT

MARCH 6, 2020

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of March 6, 2020 (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "**Agreement**"), among Acreage Finance Delaware, LLC, a Delaware limited liability company, as Borrower, Acreage IP Holdings, LLC, a Nevada limited liability company, as the IP Guarantor, Prime Wellness of Connecticut, LLC, a Connecticut limited liability company ("**Prime Wellness Connecticut**"), D&B Wellness, LLC a Connecticut limited liability company ("**D&B Wellness Connecticut**"), Thames Valley Apothecary, LLC a Connecticut limited liability company ("**TVA Connecticut**"), and IP Investment Company, LLC, a Delaware limited liability company, as Lender (the "**Lender**") and as Administrative Agent and Collateral Agent (the "**Agent**").

Article 1
INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"**Acceptance Notice**" has the meaning specified in Section 9.3(1)(b).

"**Advances**" means, collectively, each of the First Advance, the Second Advance and any Subsequent Advance.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Agent**" means the party named as such in this Agreement until a successor replaces it and, thereafter, means the successor.

"**Aggregate Principal Amount**" means, in relation to any Advance at any time, an amount equal to the sum of the aggregate principal amount of such Advance outstanding, as such amount may be reduced from time to time pursuant to this Agreement.

"**Agreement**" means this credit agreement as amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time; and the expressions "**Article**" and "**Section**" followed by a number mean and refer to the specified Article or Section of this Agreement.

"**Anti-Corruption Laws**" means the U.S. Foreign Corrupt Practices Act of 1977, as amended, the Corruption of Foreign Public Officials Act (Canada) and the anti-bribery and anti-corruption laws, rules and regulations of any jurisdictions applicable to the Credit Parties or their subsidiaries.

"**Anti-Money Laundering and Anti-Terrorism Laws**" means any requirement of Law relating to terrorism, economic sanctions or money laundering, including, without limitation, (a) the Money Laundering Control Act of 1986 (i.e., 18 U.S.C. §§ 1956 and 1957), (b) the Bank

Secrecy Act of 1970 (31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959), and the implementing regulations promulgated thereunder, (c) the USA PATRIOT Act and the implementing regulations promulgated thereunder, (d) the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), (e) laws, regulations and Executive Orders administered under any Sanctions, (f) any law prohibiting or directed against terrorist activities or the financing or support of terrorist activities (e.g., 18 U.S.C. §§ 2339A and 2339B) and (g) any similar laws enacted in the United States, Canada or any other jurisdictions in which the parties to this Agreement operate, as any of the foregoing laws have been, or shall hereafter be, amended, renewed, extended, or replaced and all other present and future legal requirements of any Governmental Authority governing, addressing, relating to, or attempting to eliminate, terrorist acts and acts of war and any regulations promulgated pursuant thereto.

"**Applicable Law**" means, (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, determination, decision, ruling, decree or award; (c) any regulatory or stock exchange policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the Assets of such Person, in each case whether or not having the force of law, provided that, unless specifically included, the Federal Cannabis Laws are specifically excluded.

"**Applicable Premium**" means, in respect of any repayment of an Advance, an amount equal to 10% of the amount of such Advance being repaid.

"**Asset**" means, with respect to any Person, any property (including real property), assets and undertakings of such Person of every kind and wheresoever situate, whether now owned or hereafter acquired (and, for greater certainty, includes any equity or like interest of such Person in any other Person).

"**Assignment and Assumption**" means an assignment and assumption entered into by a Lender and any Person who is or becomes an assignee in accordance with this Agreement, in substantially the form of Exhibit 10.6 or any other form approved by the Agent.

"**Blocked Person**" means any Person:

(a) that (i) is identified on the list of "Specially Designated Nationals and Blocked Persons" published by OFAC and/or any other similar lists maintained by OFAC pursuant to authorizing statute, executive order or regulation; (ii) (A) is an agency of the government of a country, (B) an organization controlled by a country, or (C) resides, is organized or chartered in a country, region or territory that is the target of comprehensive sanctions under any Sanctions; (iii) a Person listed in any economic or financial sanctions-related or trade embargoes-related list of designated Persons maintained under any of the Anti-Money Laundering and Anti-Terrorism Laws; or (iv) (A) is a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of the Executive Order or any related legislation or any other similar executive order(s) or (B) engages in any

dealings or transactions prohibited by Section 2 of the Executive Order or is otherwise associated with any such Person in any manner violative of Section 2 of the Executive Order; and

(b) that is owned or controlled by or that is acting for or on behalf of, any Person described in clause (a) above.

"**Board of Directors**" means, with respect to any Person, (i) in the case of any corporation, the board of directors of such Person, (ii) in the case of any limited liability company, the board of managers of such Person, (iii) in the case of any partnership, the board of directors of the general partner of such Person and (iv) in any other case, the functional equivalent of the foregoing.

"**Borrower**" means Acreage Finance Delaware, LLC, a limited liability company organized under the laws of the State of Delaware, and its successors and permitted assigns.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which banks are closed for business in New York, New York.

"**Canopy Option**" means the Canopy's option to acquire all of the issued and outstanding securities of the Parent in accordance with the Parent's constating documents as amended in connection with the plan of arrangement implemented by the Parent on June 27, 2019.

"**Capital Expenditures**" means expenditures made directly or indirectly which are considered to be in respect of the acquisition or leasing of capital assets in accordance with IFRS, including the acquisition or improvement of real property, plant, machinery or equipment, whether fixed or removable.

"Capital Lease" means a lease that would, in accordance with GAAP, be treated as a balance sheet liability.

"**Cash Equivalents**" means (a) any readily-marketable securities (i) issued by, or directly, unconditionally and fully guaranteed or insured by the United States or Canadian federal government or (ii) issued by any agency of the United States or Canadian federal government the obligations of which are fully backed by the full faith and credit of the United States or Canadian federal government, (b) any readily-marketable direct obligations issued by any other agency of the United States or Canadian federal government, any state of the United States or any Canadian province or any political subdivision of any such state or province or any public instrumentality thereof, in each case having a rating of at least "A-1" from S&P or at least "P-1" from Moody's, and (c) any commercial paper rated at least "A-1" by S&P or "P-1" by Moody's and issued by any Person organized under the laws of any state of the United States; provided, however, that the maturities of all obligations specified in any of clauses (a), (b), and (c) above shall not exceed three hundred sixty-five (365) days.

"**Change of Control**" means the occurrence of any of the following events: (i) any Person (or any successor to it continuing from any amalgamation, merger or other reorganization) or group of Persons acting jointly or in concert (as such concept is defined in National Instrument 62-104 - Take-over Bids and Issuer Bids) becoming the owner, directly or indirectly, beneficially or of record, of Equity Securities representing more than 50% of the aggregate ordinary voting power

represented by the outstanding share capital of the Parent, (ii) any sale, lease, exchange or other transfer (in one transaction or series of related transactions) of all or substantially all of the Credit Parties', on a consolidated basis, property and assets, (iii) the Parent's shareholders approve any plan or proposal for the liquidation or dissolution of the Parent or any of the Credit Parties, (iv) the Parent ceases to own, directly or indirectly, 100% of the Equity Securities of the Borrower or any other Credit Party; provided, however, that none of the following events shall constitute a "Change of Control": (a) the acquisition of outstanding Equity Securities by Canopy or an affiliate thereof pursuant to the Canopy Option, (b) Mr. Kevin Murphy ceasing to hold Equity Securities representing more or less than 50% of the aggregate ordinary voting power represented by the outstanding share capital of the Parent, or (c) any event or circumstance in which the public shareholders of the Parent immediately prior to such event or circumstance continue to, directly or indirectly, own substantially all of the Parent's and its subsidiaries property and assets through the ownership in a successor to, or assignee of, the Parent under this Agreement.

"**Charges**" has the meaning specified in Section 11.8.

"**Closing Date**" means the First Advance Closing Date, the Second Advance Closing Date and/or any Subsequent Advance Closing Date, as the case may be.

"**Code**" means the United States *Internal Revenue Code of 1986,* as amended from time to time.

"**Collateral**" means, collectively, the First Advance Security, the Second Advance Security and any Subsequent Advance Security.

"**Connecticut Purchase Agreement**" means that certain Membership Interest Purchase Agreement by and among one or more Affiliates of the Borrower and JW Asset Management, LLC dated on or about the Second Advance Closing Date.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have corresponding meanings.

"**Controlled Substances Act**" means the Controlled Substances Act (21 U.S.C. § 801 et seq.), and any rules or regulations promulgated thereunder as in effect from time to time.

"**Credit Documents**" means collectively, this Agreement, the Guarantees, the Security Documents, the Parent Side Letter and all other documents (including any documents with respect to the Collateral) to be executed and delivered to the Agent and/or the Lender, as applicable, or any of them, by the Credit Parties, or any of them, from time to time in connection with this Agreement or any other Credit Document.

"**Credit Facility**" means the credit facility to be made available to the Borrower by the Lender under this Agreement for the purposes set out in Section 2.3.

"**Credit Parties**" means collectively, the Borrower and the Guarantors and "**Credit Party**" means any one of them.

"**Debt**" of any Person means (without duplication):

(a) all indebtedness of such Person for borrowed money, including borrowings of commodities, prepaid forward sales of commodities, bankers' acceptances, letters of credit or letters of guarantee;

(b) all indebtedness of such Person for the deferred purchase price of Assets or services, other than for Assets and services purchased in the ordinary course of business and paid for in accordance with customary practice and not represented by a note, bond, debenture or other evidence of Debt;

(c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to Assets acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Assets);

(d) all obligations of such Person represented by a note, bond, debenture or other evidence of Debt;

(e) all obligations under Capital Leases and all obligations under synthetic leases, in each case, in respect of which such Person is liable as lessee;

(f) all obligations with respect to any Equity Securities in the capital of the Person which, by their terms (or by the terms of any security into which they are convertible or for which they are exchangeable), or upon the happening of any event (i) mature or are mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) are redeemable for cash or debt at the sole option of the holder, or (iii) provide for scheduled payments of dividends in cash;

(g) the net amount payable by such Person under Derivatives Agreements, provided that such amount shall only constitute Debt if such Derivatives Agreements have been closed out or terminated; and

(h) all Debt of another entity of a type described in clauses (a) through (g) which is directly or indirectly guaranteed by such Person, which is secured by a Lien on any Assets of such Person, which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire, or in respect of which such Person has otherwise assured a creditor or other entity against loss.

The Debt of any Person shall include the Debt of any other entity (including a partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or relationship with such entity, except (other than in the case of general partner liability) to the extent that the terms of such Debt expressly provide that such Person is not liable therefor.

"**Default**" means an event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.

"Derivatives Agreement" means any agreement relating to a transaction of a type commonly considered to be a derivatives or hedging transaction or any combination of such transactions, in each case, whether relating to one or more of currencies, interest, commodities, securities or other matters, including (i) any option, collar, floor or cap, (ii) any forward contract, and (iii) any rate swap, basis swap, commodity swap, cross-currency swap or other swap or contract for differences.

"**Disposition**" means, with respect to any Asset of any Person, any direct or indirect sale, lease (where such Person is the lessor), assignment, cession, transfer, exchange, conveyance, release or gift of such Asset, including by means of a sale and leaseback transaction, or any reorganization, consolidation, amalgamation or merger of such Person pursuant to which such Asset becomes the property of any other Person; and "**Dispose**" and "**Disposed**" have meanings correlative thereto.

"**Distribution**" in respect of any Person means any amount paid, directly or indirectly, to a shareholder, partner, director, officer or employee of such Person or a Related Party thereto, including any amount paid by way of dividends, distribution of partnership profits, withdrawal of capital, redemption of shares or partnership units, payments of principal, interest or other amounts on account of indebtedness, salary, bonus, commission, management fees, directors' fees or otherwise, or any other direct or indirect payment in respect of earnings or capital of such Person; except that the following shall not constitute Distributions (i) payment of commercially reasonable salaries, bonuses, commissions and directors' fees from time to time to the officers, employees and directors of such Person in the ordinary course of business shall not be considered Distributions, (ii) out-of-pocket legal, accounting and filing costs, customary indemnifications of officers and directors and other reasonable and customary company overhead expenses incurred in the ordinary course of business, (iii) reasonable compensation (including severance, indemnity and other incentives) to officers and employees incurred in the ordinary course of business or (iv) distributions for federal income tax purposes.

"**Dollar**" and "**$**" means the lawful currency of the United States of America.

"**Environment**" means the natural environment (including soil, land, surface or subsurface strata), surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere), indoor air, organic and inorganic matter and living organisms, and any other environmental medium or natural resource.

"**Environmental Actions**" means any summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding or judgment from any Person or Governmental Authority involving violations or alleged violations of Environmental Laws or Releases, exposure to or cleanup of any Hazardous Materials (a) from any assets, properties or businesses owned or operated by any Credit Party or any of their respective subsidiaries or any predecessor in interest; (b) onto any facilities which received Hazardous Materials generated by any Credit Party or any of their subsidiaries or any predecessor in interest, or (c) with respect to any Environmental Liabilities and Costs.

"**Environmental Law**" means any and all current or future foreign, federal, state, provincial or local statutes, laws, common-law doctrine, ordinances, orders, rules, regulations,

judgments, governmental authorizations, or any other requirements of Governmental Authorities relating to (a) the Environment, including those Laws relating to Releases of Hazardous Materials, (b) protection of the public health and welfare with respect to the exposure to or the Release of any Hazardous Materials or (c) occupational safety and health, industrial hygiene or the protection of human, plant or animal health or welfare (to the extent related to exposure to or management of Hazardous Materials), in any manner applicable to any Credit Party or any subsidiary thereof.

"**Environmental Liabilities and Costs**" means all liabilities, monetary obligations, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigations and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any Governmental Authority or any third party, and which relate to any actual or alleged noncompliance with or liability pursuant to any Environmental Law or Environmental Action, including any condition of the Environment or a Release of Hazardous Materials from or onto (a) any property presently or formerly owned by any Credit Party or any Subsidiary thereof or (b) any facility which received Hazardous Materials generated by any Credit Party or any subsidiary thereof.

"**Equity Securities**" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants or options for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, membership or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"**Equivalent Amount**" means, on any day with respect to any two currencies, the amount obtained in one such currency (the "**first currency**") when an amount in the other currency is converted into the first currency using the Bank of Canada's spot rate for the conversion of the applicable amount of the other currency into the first currency in effect as of 4:30 p.m. (Toronto time) on such Business Day (or the immediately preceding Business Day if such day is not a Business Day) or, in the absence of such a spot rate on such day, using such other rate as the Agent may reasonably select.

"**Event of Default**" has the meaning specified in Section 9.1.

"**Exchange**" means the Canadian Securities Exchange, or such other recognized exchange in the United States or Canada on which the Parent Shares are then listed.

"**Excluded Taxes**" means any payment to be made by or on account of any obligation of the Borrower hereunder or under any other Credit Document, (a) Taxes imposed on or measured by its net income, gross receipts, revenue, capital gains or capital, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, or that are Other Connection Taxes,

(b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located, (c) in the case of a Foreign Lender, any withholding tax that is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 8.1(5), and (d) any Taxes imposed under FATCA.

"**Executive Order**" means Executive Order No. 13224 on Terrorist Financings: - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism issued on 23rd September, 2001, as amended by Order No. 132684, as so amended.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

"**Federal Cannabis Laws**" means the *Controlled Substances Act*, 21 USC 801 et seq. as it applies to marijuana (including any implementing regulations and schedules in effect at the relevant time) or any other U.S. federal law the violation of which is predicated upon a violation of the *Controlled Substances Act* as it applies to marijuana.

"**First Advance**" means an advance under the Credit Facility to the Borrower to be made pursuant to Section 4.1.

"**First Advance Closing Date(s)**" means the date(s) on which the First Advance is made provided that such First Advance may be made on two separate days.

"**First Advance Commitment**" means an amount equal to up $22 million as may be reduced in an amount equal to the amount of any repayments or reductions required or made hereunder with respect to the First Advance.

"**First Advance Lender**" means IP Investment Company, LLC, a Delaware limited liability company, or such other Person as the Borrower may select.

"**First Advance Maturity Date**" means the date which is one year following the latest First Advance Closing Date or such later date as may be agreed between the Borrower and the First Advance Lenders.

"**First Advance Obligations**" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower or any other Credit Party to the Agent, and the First Advance Lender, or any of them, in connection with the First Advance pursuant to the Credit Documents, including the Aggregate Principal Amount of the First Advance, the Applicable Premium relating to the First Advance, all accrued interest and all other amounts payable under this Agreement in relation to the First Advance.

"**First Advance Security**" means all personal property securing the First Advance Obligations pursuant to the First Advance Security Documents.

"**First Advance Security Documents**" means the IP Security Agreement and any other security documents that the Borrower and the First Advance Lender may agree to in writing.

"**Fiscal Year**" means any period of twelve (12) consecutive months ending on December 31 of any calendar year.

"**Foreign Lender**" means any Lender that is not organized under the laws of the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction and that is not otherwise considered or deemed in respect of any amount payable to it hereunder or under any Credit Document to be resident for income tax or withholding tax purposes in the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction. For the purposes of this definition, Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"**Foreign Official**" means any foreign (i.e., non-U.S.) Governmental Authority, or of any public international organization, or any foreign political party or official thereof, or candidate for foreign political office.

"**Foreign Recipient**" means any (a) Foreign Lender, or (b) any other recipient of any payment from the Borrower, including but not limited to any Agent that is not organized under the laws of the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction and that is not otherwise considered or deemed in respect of any amount payable to it hereunder or under any Credit Document to be resident for income tax or withholding tax purposes in the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction. For the purposes of this definition, Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"**Freely Tradable**" means, in respect of Parent Shares delivered by the Borrower to the Lender, Parent Shares which are not "restricted securities" for purposes or applicable securities laws and not otherwise subject to a hold-period or restriction on resale pursuant to applicable Canadian or United States securities laws.

"**GAAP**" means the accounting principles generally accepted in Canada and/or the United States, as may be adopted by each Credit Party or the Parent, as the context requires, from time to time in accordance with applicable securities legislation.

"**Governing Documents**" means (a) (i) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (ii) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement, and (iii) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if

applicable, any certificate or articles of formation or organization of such entity, (b) any certificate of designation or instrument relating to the rights of holders (including preferred shareholders) of Equity Securities in such entity, and (c) any shareholder rights agreement, voting trusts or other similar agreement to which such entity is a party.

"**Governmental Authority**" means the government of the United States or any other nation, or of any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supranational bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency, any securities exchange and any self-regulatory organization.

"**Guarantee**" means any guarantee of the obligations of the Borrower under this Agreement entered into by a Guarantor.

"**Guarantor**" means each of the IP Guarantor, Prime Wellness Connecticut, D&B Wellness Connecticut and TVA Connecticut.

"**Hazardous Materials**" means all chemicals, materials, substances, solid and hazardous wastes, toxic substances, flammable materials, solvents, radioactive materials, carcinogens, pesticides, pollutants, contaminants, compounds, in any form, including petroleum or petroleum distillates and any petroleum by-products, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas or mold, subject to regulation under, or which may give rise to liability pursuant to, any Environmental Law.

"**Indemnified Taxes**" means Taxes other than Excluded Taxes.

"**Indemnitee**" has the meaning specified in Section 11.5(2).

"**Information**" has the meaning specified in Section 11.13(2).

"**Intellectual Property**" means the trademarks and trademark applications owned or applied for by the IP Guarantor for use by the IP Guarantor, the Parent or one of their Affiliates solely outside of the United States, including the intellectual property therein and goodwill associated therewith, and any and all new, modified or updated versions thereof and such other new or existing trademarks, trade names, certification marks, service marks, design marks, word marks, brands, trade dress, works of authorship, logos and/or other indicia of origin, whether registered or unregistered, owned by the IP Guarantor, including those relating to cannabis and/or cannabis-related products, services, accessories, apparatus, paraphernalia or merchandise. For greater certainty, Intellectual Property shall not include any trademarks, whether registered or unregistered, or any other intellectual property of the Parent, the IP Guarantor and their Affiliates in the United States (including any United States' territory).

"**Intellectual Property Purchase Agreement**" has the meaning specified in Section 9.3(1)(b).

"**Interest Shares**" has the meaning specified in Section 3.3(1)**.**

"**Investment**" means an investment made or held by a Person, directly or indirectly, in another Person (whether such investment was made by the first-mentioned Person in such other Person or was acquired from a third party), including a contribution of capital and including the acquisition or holding of the following: all or substantially all of the assets used in connection with a business; common or preferred shares; debt obligations; partnership interests; and investments in joint ventures; provided however that if a transaction would satisfy the definition of "Capital Expenditure" herein and also the definition of "Investment" herein, it shall be deemed to constitute an Investment and not a Capital Expenditure.

"**IP Collateral**" means the Intellectual Property in respect of which the Agent or any Secured Creditor has or will have or is intended to have a Lien pursuant to the IP Security Agreement.

"**IP Guarantee**" means the guarantee, dated the date hereof, granted by the IP Guarantor in favour of the Agent, in form and substance satisfactory to the Agent, as amended, amended and restated, supplemented or otherwise modified from time to time.

"**IP Guarantor**" means Acreage IP Holdings, LLC, a limited liability company incorporated under the laws of the State of Nevada, and its successors and permitted assigns.

"**IP Security Agreement**" means the security agreement dated as of the date hereof granted by the IP Guarantor in favour of the Agent, in form and substance satisfactory to the Agent, as amended, amended and restated, supplemented or otherwise modified from time to time.

"**Lenders**" means each of the First Advance Lender, the Second Advance Lender and any Subsequent Advance Lender provided that the First Advance Lender, the Second Advance Lender and any Subsequent Advance Lender may be the same Person, and "**Lender**" means any one of them.

"**Lien**" means any mortgage, deed of trust, trust or deemed trust, lien (statutory or otherwise), pledge, assignment, hypothecation, encumbrance, charge, security interest, deposit arrangement, royalty interest, claim, right of detention or seizure, right of distraint, easement, or right of set off (other than a right of set off arising in the ordinary course), including the interest of a vendor or a lessor under any conditional sale agreement, title retention agreement or consignment agreement (or any financing lease having substantially the same economic effect as any of the foregoing), and any other agreement, trust or arrangement that in substance secures payment or performance of an obligation.

"**Material Adverse Effect**" means (i) (A) in relation to the Second Advance, a material adverse effect on the Second Advance Security, or (B) in relation to the Subsequent Advances, a material adverse effect on the Subsequent Advance Collateral, (ii) a material adverse effect on the ability of any of the Credit Parties to perform their material obligations under the Credit Documents to which they are party, (iii) a material adverse effect on the rights and remedies of the Lender, or the Agent (or any of them) under any Credit Document; or (iv) in respect of the Second Advance, a material adverse effect on the business, operations, results of operations, assets, liabilities or financial condition of the Credit Parties (taken as a whole).

"**Material Agreements**" has the meaning specified in Section 5.1(13)(a).

"**Maturity Date**" means the First Advance Maturity Date, the Second Advance Maturity Date or any Subsequent Advance Maturity Date, as the case may be.

"**Notice of Intent**" has the meaning specified in Section 9.3(1)**.**

"**Obligations**" means, collectively, the First Advance Obligations, the Second Advance Obligations and the Subsequent Advance Obligations, as the case may be, provided that any obligation or liability under Section 2.5(3) shall not be an "Obligation".

"**Other Connection Taxes**" means, with respect to the Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Credit Document).

"**Other Taxes**" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Credit Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Credit Document, in each case, including any interest, additions to tax or penalties applicable thereto.

"**Parent**" means Acreage Holdings, Inc., a corporation continued under the laws of the Province of British Columbia, and its successors and permitted assigns.

"**Parent Entities**" means Parent and the Subsidiaries of Parent that, directly or indirectly, beneficially own equity interests of the Credit Parties.

"**Parent Shares**" means Class A subordinate voting shares in the capital of the Parent that are fully paid and non-assessable; and such "Parent Shares" to be issued following the exercise of the Canopy Option (if any) shall be deemed to include any equivalent securities of Canopy.

"**Parent Side Letter**" means the letter, dated the date of the Second Advance, from Parent and High Street Capital Partners, LLC to the Lender and JW Asset Management, LLC.

"**Pennsylvania Assets**" means all of the equity interests in Prime Wellness of Pennsylvania, LLC.

"**Permitted Debt**" means:

(a)the Obligations;

(b)all Debt under the [Redacted] Guarantee;

(c)any other Debt provided the repayment amount on maturity thereof does not exceed, in aggregate, $51,000,000 plus 10%;

(d)in relation to any Credit Party other than the Borrower and the IP Guarantor, any Subordinated Debt;

(e)in relation to any Credit Party other than the Borrower and the IP Guarantor, all obligations under Capital Leases;

(f)in relation to any Credit Party other than the Borrower and the IP Guarantor, any guarantee or indemnity in respect of Permitted Debt;

(g)any other Debt which the Lender agrees in writing is Permitted Debt;

(h)in relation to any Credit Party other than the Borrower and the IP Guarantor, any Debt arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates provided that such foreign exchange transaction is not for speculative purposes; and

(i)in relation to any Credit Party other than the Borrower and the IP Guarantor, any other Debt provided the aggregate principal amount thereof does not exceed $2,000,000.

"**Permitted Dispositions**" means any sale, transfer, assignment, lease or other disposal made by any Credit Party other than the Borrower and the IP Guarantor:

(a)of inventory in the ordinary course of business;

(b)of obsolete or redundant vehicles, plant and equipment for cash;

(c)made with the prior written consent of the Lender;

(d)of fixed assets where the proceeds of disposal are used to purchase replacement assets comparable or superior as to type, value and quality;

(e)of assets for cash where the consideration (when aggregated with the consideration for any other sale, transfer, assignment, lease or other disposal not allowed under paragraphs (a) to (e) above) does not exceed $2,000,000 in any 12 month period.

"**Permitted Liens**" means, in respect of any Credit Party other than the Borrower and the IP Guarantor (except for paragraph(j) which applies in respect of the Borrower), any one or more of the following:

(a)Liens for Taxes which are not due or delinquent or the validity of which is being contested at the time by the Person in good faith by proper legal proceedings if adequate provision has been made for their payment and such Liens are not executed on or enforced against any of the Assets of any Credit Party;

(b)Liens in favour of the Agent and the other Secured Creditors created by the Security Documents;

(c)any Lien or deposit under workers' compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secure related public or statutory obligations, surety and appeal bonds where required by law;

(d)any builders', mechanics', materialman's, carriers', warehousemen's and landlords' liens and privileges, in each case, which relate to obligations not yet due or delinquent;

(e)any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by any Credit Party, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;

(f)any Lien created or assumed by any Credit Party in favour of a public utility when required by the utility in connection with the operations of such Credit Party;

(g)any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;

(h)any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Credit Party, or title defects, encroachments or irregularities, that do not detract from the value of the property or impair its use in the operation of the business of any Credit Party;

(i)customary Liens in respect of service charges in respect of bank accounts;

(j)any Lien over the Restricted Account or any funds in the Restricted Account; and

(k)any Lien that secures Permitted Debt referred to under subsections (c), (e) and/or (f) of the definition of "Permitted Debt";.

"**Person**" means an individual, sole proprietorship, corporation, limited liability company, trust, joint venture, association, company, partnership, institution, public benefit corporation, investment or other fund, Governmental Authority or other entity, and pronouns have a similarly extended meaning.

"**Related Parties**" means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"**Release**" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Material (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material) into the Environment, including, without limitation, the movement of Hazardous Materials through or in the ambient air, soil, surface or ground water, or property.

"**Remedial Action**" means all actions taken to (a) investigate, clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the Environment, (b) respond to any Environmental Actions, (c) prevent or mitigate any Release, or (d) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities.

"**Responsible Officer**" means the chief executive officer, president, chief financial officer, treasurer or the general counsel of the applicable Credit Party or any Person designated by a Responsible Officer to act on behalf of a Responsible Officer, or other duly authorized Person acceptable to the Agent; provided that such designated Person may not designate any other Person to be a Responsible Officer. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

"**Restricted Account**" means the account into which the proceeds of the First Advance and the Second Advance are deposited provided that, if so agreed between the Borrower and any Subsequent Advance Lender, such account shall also be the account into which the proceeds of the applicable Subsequent Advance are deposited.

"[Redacted]" means [Redacted - administrative agent's name].

"[Redacted] **Credit Agreement**" means that certain credit agreement, dated the date hereof, among [Redacted - administrative agent's name], [Redacted - lender's name], HSCP CN Holdings ULC, as borrower, and the Borrower, as guarantor.

"[Redacted] **Credit Documents**" means each of the [Redacted] Credit Agreement, the [Redacted] Guarantee, all other guarantees and security provided in connection therewith and all other agreements, instruments and other documents governing or relating thereto, and "[Redacted] **Credit Document**" means any of them.

"[Redacted] **Guarantee**" means the guarantee, dated the date hereof, among [Redacted - administrative agent's name] and the Borrower, whereby Borrower guarantees the HSCP CN Holdings ULC's obligations under the [Redacted] Credit Agreement.

"[Redacted] **Lender**" means "[Redacted - lender's name], and any other Persons made a lender pursuant to the terms of the [Redacted] Credit Agreement.

"**Sanctions**" means any of the sanctions programs and related requirements of Applicable Law administered by (a) the U.S. government, including those administered by the Treasury Department's Office of Foreign Assets Control or the U.S. Department of State, or (b) the

Government of Canada, the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom, in each case, as renewed, extended, amended, or replaced.

"**Second Advance**" means an advance under the Credit Facility to the Borrower to be made pursuant to Section 4.2.

"**Second Advance Closing Date**" means the date on which the Second Advance is made.

"**Second Advance Commitment**" means an amount equal to up to $20 million as may be reduced in an amount equal to the amount of any repayments or reductions required or made hereunder with respect to the Second Advance.

"**Second Advance Lender**" means IP Investment Company, LLC, a Delaware limited liability company, or such other Person as the Borrower may select.

"**Second Advance Maturity Date**" means the date which is one year following the Second Advance Closing Date or such later date as may be agreed between the Borrower and the Second Advance Lenders.

"**Second Advance Obligations**" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower or any other Credit Party to the Agent, and the Second Advance Lender, or any of them, in connection with the Second Advance pursuant to the Credit Documents, including the Aggregate Principal Amount of the Second Advance, the Applicable Premium relating to the Second Advance, all accrued interest and all other amounts payable under this Agreement in relation to the Second Advance.

"**Second Advance Security**" means all personal property securing the Second Advance Obligations pursuant to the Second Advance Security Documents.

"**Second Advance Security Documents**" means the pledge agreement described in Section 7.1(a) and the IP Security Agreement.

"**Secured Creditors**" means, as applicable, the Agent and the Lenders.

"**Security**" means, at any time, the Liens in favour of the Secured Creditors, or any of them, in the Collateral securing their obligations under this Agreement and the other Credit Documents.

"**Solvent**" means, (a) with respect to any Person organized under the laws of Canada or any province or territory thereof, on a particular date, that on such date, (i) such Person is not for any reason unable to meet its obligations as they generally become due, (ii) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due, and (iii) the aggregate property of such Person is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient, to enable payment of all its obligations, due and accruing due, and (b) with respect to any Person organized under the laws of a jurisdiction located within the United States on a particular date, that on such date (i) the fair

value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (ii) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the liability of such Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (iv) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"**Subordinated Debt**" means indebtedness of any Credit Party to any Person which the Lenders in their sole discretion have consented to in writing and in respect of which the holder thereof has entered into a subordination, postponement and standstill agreement in favour of the Agent in form and substance reasonably satisfactory to the Agent which shall provide (among other things) that: (A) the maturity date of such indebtedness is later than the latest Maturity Date; (B) the holder of such indebtedness may not receive any payments on account of principal or interest thereon (except to the extent, if any, expressly permitted therein); (C) any security held in respect of such indebtedness is subordinated to the Security; (D) the holder of such indebtedness may not take any enforcement action in respect of any such security (except to the extent, if any, otherwise expressly provided therein) without the prior written consent of the Agent; and (E) any enforcement action taken by the holder of such indebtedness will not interfere with the enforcement action (if any) being taken by the Agent in respect of the Security.

"**Subsequent Advance**" means an advance under the Credit Facility to the Borrower to be made pursuant to Section 4.3.

"**Subsequent Advance Closing Date**" means any date on which a Subsequent Advance is made.

"**Subsequent Advance Commitment**" means an amount equal to up $68 million as may be reduced in an amount equal to the amount of any repayments or reductions required or made hereunder with respect to any Subsequent Advance.

"**Subsequent Advance Lender**" means IP Investment Company, LLC, a Delaware limited liability company, or such other Person as the Borrower may select.

"**Subsequent Advance Maturity Date**" means such date as may be agreed between the Borrower and the Subsequent Advance Lender.

"**Subsequent Advance Obligations**" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Borrower or any other Credit Party to the Agent, and the Subsequent Advance Lender, or any of them, in connection with a Subsequent Advance pursuant to the Credit Documents, including the Aggregate Principal Amount of such Subsequent Advance, the Applicable Premium relating to such Subsequent

Advance (if any), all accrued interest and Fees and all other amounts payable under this Agreement in relation to such Subsequent Advance.

"**Subsequent Advance Security**" means such Liens as may be agreed between the Borrower and any Subsequent Advance Lender.

"**Subsequent Advance Security Documents**" means each security document that may be entered into in order to grant the Subsequent Advance Security in favour of the Agent and/or the Subsequent Advance Lender.

"**Subsidiaries**" means the subsidiaries of the Parent.

"**subsidiary**" means with respect to any Person (the "**parent**") at any date, (i) any corporation, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the voting power of all equity interests entitled to vote in the election of the Board of Directors thereof are, as of such date, owned, controlled or held by the parent and/or one or more subsidiaries of the parent, (ii) any partnership, (x) the sole general partner or the managing general partner of which is the parent and/or one or more subsidiaries of the parent or (y) the only general partners of which are the parent and/or one or more subsidiaries of the parent and (iii) any other Person that is otherwise Controlled by the parent and/or one or more subsidiaries of the parent.

"**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Third Party**" means a third party designated by the Borrower.

"**Third Party IP Purchase Deadline**" has the meaning specified in Section 9.3(1)(b).

"**Third Party Offer**" has the meaning specified in Section 9.3(1)(a).

"**U.S. Dollars**" and "**U.S. $**" means lawful money of the United States of America.

Section 1.2 Gender and Number.

Any reference in the Credit Documents to gender includes all genders and words importing the singular number only include the plural and vice versa.

Section 1.3 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect the interpretation of this Agreement.

Section 1.4 Currency.

All references in the Credit Documents to $ or dollars, unless otherwise specifically indicated, are expressed in the currency of the United States of America.

Section 1.5 Certain Phrases, etc.

In any Credit Document (i) (y) the words "**including**" and "**includes**" mean "**including (or includes) without limitation**" and (z) the phrase "**the aggregate of**", "**the total of**", "**the sum of**", or a phrase of similar meaning means "**the aggregate (or total or sum), without duplication, o**f", (ii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "**from**" means "**from and including**" and the words "**to**" and "**until**" each mean "**to but excluding**", and references to "**this Agreement**", "**hereof**" and "**herein**" and like references refer to such Credit Document and not to any particular Article, Section or other subdivision of such Credit Document.

Section 1.6 Non-Business Days.

Whenever any payment to be made hereunder shall be stated to be due or any action to be taken hereunder shall be stated to be required to be taken on a day other than a Business Day, such payment shall be made or such action shall be taken on the next succeeding Business Day and, in the case of the payment of any amount, the extension of time shall be included for the purposes of computation of interest, if any, thereon.

Section 1.7 Accounting Terms.

All accounting terms not specifically defined in this Agreement shall be interpreted in accordance with GAAP. If there occurs a material change in GAAP, including as a result of a conversion to International Financial Reporting Standards and, as a result, an amount required to be determined hereunder would be materially different (as determined by the Borrower or the Agent), the Borrower and the Agent shall negotiate in good faith to revise (if appropriate) the relevant covenants to give effect to the intention of the parties under this Agreement as at the date hereof, and any new covenant shall be subject to approval by the Lender. Until the successful conclusion of any such negotiation and approval by the Lender, and/or if the Borrower and the Lender cannot agree on revisions to the covenants within thirty (30) days following the implementation of the change, the Borrower shall thereafter make all calculations for the purpose of determining compliance with the financial covenants contained herein both under GAAP in existence as at the date hereof and GAAP subsequently in effect and applied by the Borrower.

Section 1.8 Rateable Portion of Advance.

References in this Agreement to a Lender's rateable portion of the Advance or rateable share of Interest Shares or payments of principal, interest, fees or any other amount, shall mean and refer to a rateable portion or share as nearly as may be rateable in the circumstances, as determined in good faith by the Agent. Each such determination by the Agent shall be *prima facie* evidence of such rateable share.

Section 1.9 Incorporation of Schedules and Exhibits.

The schedules and exhibits attached to this Agreement shall form an integral part of it.

Section 1.10 Conflict.

The provisions of this Agreement prevail in the event of any conflict or inconsistency between its provisions and the provisions of any of the other Credit Documents.

Section 1.11 Certificates.

Any certificate required by the terms of this Agreement or any Credit Document to be given by any officer of the Borrower for and on behalf of any Credit Party shall be given without any personal liability on the part of the officer giving the certificate.

Section 1.12 Permitted Liens.

Any reference in this Agreement or any of the other Credit Documents to a Permitted Lien or a Lien permitted by this Agreement is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the Credit Documents to any Permitted Lien or any Lien permitted hereunder, it being the intention of the parties that all Liens created pursuant to the Security shall at all times rank as first priority Liens, including in priority to Permitted Liens and all other Liens or other obligations whatsoever, subject only to Permitted Liens which under Applicable Law rank in priority thereto.

Section 1.13 References to Agreements.

Except as otherwise provided in this Agreement, any reference in this Agreement to any agreement or document means such agreement or document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented in accordance herewith and therewith.

Section 1.14 Statutes.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended, re-enacted or replaced.

Section 1.15 Currency Equivalents Generally.

Any amount specified in Article 5, Article 6 or Article 9 to be in U.S. Dollars shall also include the Equivalent Amount of such amount in any currency other than U.S. Dollars. For purposes of determining compliance with Section 6.2 with respect to any transaction in a currency other than U.S. Dollars, no Default shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such transaction occurs but, for the avoidance of doubt, the foregoing provisions of this Section 1.15 shall otherwise apply to Section 6.2.

ARTICLE 2
CREDIT FACILITIES

Section 2.1 Availability and Advances.

On the terms and conditions of this Agreement:

(1) the First Lender agrees to make the First Advance to the Borrower in accordance with the First Advance Commitment on the First Advance Closing Date;

(2) the Second Lender agrees to make the Second Advance to the Borrower in accordance with the Second Advance Commitment on the Second Advance Closing Date; and

(3) the Subsequent Lender agrees to make each Subsequent Advance to the Borrower in accordance with the Subsequent Advance Commitment on the applicable Subsequent Advance Closing Date.

Section 2.2 Commitments and Facility Limits.

(1) The First Advance, when made, shall permanently reduce the First Advance Commitment by the amount of the First Advance. The Second Advance, when made, shall permanently reduce the Second Advance Commitment by the amount of the Second Advance. Each Subsequent Advance, when made, shall permanently reduce the Subsequent Advance Commitment by the amount of such Subsequent Advance. The Credit Facility does not revolve and any amount repaid or prepaid, as the case may be, under the Credit Facility cannot be reborrowed and will not increase or re-instate any Commitment, rateably by the amount repaid or prepaid, as the case may be.

Section 2.3 Use of Proceeds.

The Borrower shall use the proceeds of the First Advance and the Second Advance exclusively as cash collateral for purposes of the credit facility established pursuant to the [Redacted] Credit Agreement, provided that if the Borrower and any Subsequent Advance Lender so agree, the Borrower shall also use the proceeds of the applicable Subsequent Advance as cash collateral for purposes of the credit facility established pursuant to the [Redacted] Credit Agreement.

Section 2.4 Mandatory Repayments.

(a)The Borrower shall repay:

(i) the Aggregate Principal Amount of the First Advance then outstanding and the Applicable Premium thereon on the First Advance Maturity Date;

(ii) the Aggregate Principal Amount of the Second Advance then outstanding and the Applicable Premium thereon on the Second Advance Maturity Date; and

(iii) the Aggregate Principal Amount of any Subsequent Advance then outstanding and the Applicable Premium (if applicable) thereon on the Subsequent Advance Maturity Date.

(b) If, prior to the date that is four months from the Second Advance Closing Date, Parent or its Affiliates has not (i) borrowed or otherwise raised debt or equity capital from [Redacted - administrative agent's name] or another lender of at least an additional US$65,000,000, or (ii) the Borrower has not repaid the Second Advance by (A) paying the amount of the Second Amount Advance and the Applicable Premium thereon to the Second Advance Lender and (B) concurrently with such payment delivering to the Second Advance Lender that number of Interest Shares equal to 480,000 less the number of Second Advance Interest Shares delivered to the Second Advance Lender prior to such repayment date, the Second Advance Lender shall have the right to accelerate the maturity of the Second Advance. If this acceleration occurs, (i) the Borrower shall immediately cause the release of the Connecticut Purchase Agreement from escrow, which provides for the transfer of the collateral described in the Second Advance Security Document described in Section 7.1(a) to the Lender in full satisfaction of the Aggregate Principal Amount of the Second Advance and the Applicable Premium thereon (being, for the avoidance of doubt, US$22,000,000 in principal amount), and (ii) the Borrower will deliver to the Second Advance Lender a number of Interest Shares equal to 480,000 less the number of Second Advance Interest Shares delivered to the Second Advance Lender prior to such date.

Section 2.5 Prepayments; Termination and Reductions of Commitments.

(1) The Borrower may, in its discretion, prepay the Aggregate Principal Amount of the First Advance, the Second Advance and/or any Subsequent Advance (in whole or in part) then outstanding upon five Business Days' notice to the Agent (which notice shall state the proposed date of prepayment and the principal amount being prepaid). The Borrower shall, on the date specified in such prepayment notice, pay to the Lender the Aggregate Principal Amount outstanding being prepaid together with the Applicable Premium relating to the amount being prepaid. For greater certainty, the First Advance Lender or the Second Advance Lender, as applicable, shall be entitled to receive all Interest Shares that have yet to be issued to such Lender pursuant to Section 3.3 upon repayment of the First Advance or the Second Advance contemplated in this Section 2.5 as though the Frist Advance or the Second Advance, as applicable, was outstanding until its applicable Maturity Date. Once given a prepayment notice shall be irrevocable.

Section 2.6 Payments under this Agreement.

(1) All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or set-off. Unless otherwise expressly provided in this Agreement, the Borrower shall (i) make any payment required to be made by it to a Lender by depositing the amount of the payment with the Agent in immediately available funds not later than 12:00 p.m. (Toronto, Ontario time) on the date the payment is due, and (ii) with respect to any prepayment, provide to the Agent, upon one (1)

Business Day's notice to the Agent, a notice of prepayment which shall be irrevocable and binding on the Borrower and shall specify the date of repayment.

(2) Payments made hereunder shall be made on a Business Day. Payments received by the Agent, before 12:00 p.m (Toronto, Ontario time) on a Business Day will be given value on that Business Day. All payments received by the Agent after 12:00 p.m. (Toronto, Ontario time) will be given value on the next following Business Day.

(3) The Borrower shall make each such payment under the Credit Documents in U.S. Dollars.

Section 2.7 Application of Payments and Prepayments.

(1) All prepayments under the Credit Facility pursuant to Section 2.5, excluding the Applicable Premium, shall be applied by the Agent to the applicable Aggregate Principal Amount.

(2) Subject to Sections 2.4(b), 9.3(2) and 9.4, if at any time insufficient funds are received by and available to the Agent to pay fully all Obligations then due hereunder then such funds shall be applied (i) first, in reduction of the Borrower's obligation to pay any expenses, claims or losses referred to in Section 11.5, (ii) second, in reduction of the Borrower's obligation to pay the Applicable Premium, and (iii) third, in reduction of the Borrower's obligation to pay any amounts due and owing on account of any unpaid principal amount of any unpaid Aggregate Principal Amount which are due and owing.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the Agent taking into account the actual number of days occurring in the period for which such interest is payable and on the basis of a year of 365 days.

(2) If any provision of this Agreement or of any of the other Credit Documents would obligate any Credit Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in a receipt by such Lender of interest at a criminal rate then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in a receipt by such Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: firstly, by reducing the amount or rate of interest required to be paid to such Lender under the applicable Credit Document (including by reducing the Applicable Premium), and thereafter, by reducing any fees, commissions, premiums and other amounts (including the number of Interest Shares) required to be paid to such Lender which would constitute "interest" for purposes of Applicable Law.

ARTICLE 3
ADVANCES

Section 3.1 The Advance.

[***Intentionally deleted.***]

Section 3.2 Reliance upon Borrower's Authority.

On or prior to the First Advance Closing Date, the Borrower shall deliver to the Agent a written notice setting forth (a) the Restricted Account to which the Agent is authorized to transfer the proceeds of each Advance requested by the Borrower, and (b) the names of the officers authorized to request such Advance on behalf of the Borrower, and shall provide the Agent with a specimen signature of each such officer. The Agent shall be entitled to rely conclusively on such officer's authority to request each Advance on behalf of the Borrower, the proceeds of which are to be transferred to the Restricted Account pursuant to the immediately preceding sentence. The Agent shall have no duty to verify the identity of any individual representing himself as one of the officers authorized by the Borrower to make such requests on its behalf. The crediting of an Advance to the Restricted Account shall conclusively establish the obligation of the Borrower to repay such Advance as provided herein.

Section 3.3 Interest on Advances.

(1) The Borrower shall pay interest on the unpaid principal amount of the Advances as follows:

(a) from the first Advance Closing Date until the principal amount of the First Advance is repaid in full, by the delivery to the Lender of an aggregate of 27,333 Parent Shares per month (the "**First Advance Interest Shares**");

(b) from the Second Advance Closing Date until the principal amount of the Second Advance is repaid in full, by the delivery to the Lender of an aggregate of 40,000 Parent Shares per month (the "**Second Advance Interest Shares**"); and

(c) from any Subsequent Advance Closing Date until the principal amount of such Subsequent Advance is repaid in full, by the delivery to the Lender of an aggregate of Parent Shares to be agreed between the Borrower and the applicable Subsequent Advance Lender (the "**Subsequent Advance Interest Shares**" and, together with the First Advance Interest Shares and the Second Advance Interest Shares, the "**Interest Shares**").

Any reference herein of delivery to the Lender means to the Lender or as directed in writing by the Lender to the owners of Lender.

(2) If the Borrower:

(a) prepays the First Advance pursuant to Section 2.5 prior to the First Advance Maturity Date, the Borrower shall deliver to the First Advance Lender such number of Parent Shares as is equal to the difference between 328,000 Parent Shares and the aggregate amount of Interest Shares previously delivered to the First Advance Lender pursuant to Section 3.3(1)(a);

(b) prepays the Second Advance pursuant to Section 2.5 prior to the Second Advance Maturity Date, the Borrower shall deliver to the Second Advance Lender such number of Parent Shares as is equal to the difference between 480,000 Parent Shares and the aggregate amount of Interest Shares previously delivered to the Second Advance Lender pursuant to Section 3.3(1)(b); or

(c) prepays a Subsequent Advance pursuant to Section 2.5 prior to the applicable Subsequent Advance Maturity Date, the Borrower shall deliver to the applicable Subsequent Advance Lender such number of Parent Shares as the Borrower and the applicable Subsequent Lender may agree.

(3) The Borrower shall use its best efforts to cause the Interest Shares to be, when delivered to the Lenders hereunder, Freely Tradable. Notwithstanding any other provision of this Agreement, the Lenders acknowledge and agree that (i) no Interest Shares need be delivered by the Borrower prior to May 31, 2020 or such earlier date as the Borrower may determine (the "**First Delivery Date**") (or within 30 days of any date upon which the Interest Shares are deliverable hereunder following the First Delivery Date), (ii) the Borrower's obligation to deliver Second Advance Interest Shares shall cease at any time while the Second Advance is outstanding should the Borrower fail to deliver Freely Tradeable Second Advance Interest Shares on or prior to the First Delivery Date and, in respect of all Second Advance Interest Shares deliverable after the First Delivery Date, within 30 days of such prescribed delivery date, and (iii) following the cessation of the Borrower's obligations to deliver Second Advance Interest Shares as contemplated in (ii), the Borrower shall satisfy all deliveries of Second Advance Interest Shares for which Interest Shares have not been previously delivered with a cash payment to the Second Advance Lender in place of Interest Shares on each applicable Second Advance Interest Shares delivery date in an amount equal to the 30 day volume weighted average price per Parent Share on the Exchange multiplied by the applicable number of such Second Advance Interest Shares to be delivered on such date.

(4) Subject to Section 3.3(3) above, Interest Shares shall be payable monthly in arears on the last Business Day of each month during which the applicable Advance is outstanding.

(5) Each Lender shall hold all Interest Shares received by it in a segregated account and shall not comingle the Interest Shares with any other Parent Shares. The Lenders each hereby covenant that they will, promptly, and in any event within 24 hours, advise the Borrower in writing of any disposition of any Interest Share.

ARTICLE 4
CONDITIONS OF LENDING

Section 4.1 Conditions Precedent to the First Advance.

The obligation of the First Lender to make the First Advance under the Credit Facility is subject to fulfilment of the following conditions precedent at the time the First Advance is made available, provided that the First Advance may be advanced over two separate days:

(a) no Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the First Advance;

(b) the representations and warranties of the Credit Parties contained in Article 5 and in each of the other Credit Documents are true and correct on the First Advance Closing Date as if such representations and warranties were made on that date;

(c) no litigation is pending or threatened in writing against one or more of the Credit Parties that, if decided adversely, would reasonably be expected to have a Material Adverse Effect;

(d) the First Security shall have been executed and delivered, all registrations necessary or desirable in connection therewith shall have been made, and all legal opinions and other documentation reasonably required by the First Advance Lender in connection therewith shall have been executed and delivered, all in form and substance reasonably satisfactory to the Agent and the First Advance Lender;

(e) the Agent having received, in form and substance and dated a date reasonably satisfactory to the First Advance Lender and its counsel:

(i) an executed copy of this Agreement, the IP Guarantee and the First Advance Security Documents;

(ii) (x) searches shall have been conducted in all jurisdictions and (y) deliveries of all consents, approvals, acknowledgements, confirmations, undertakings, subordinations, discharges, waivers and other documents and instruments to the Agent shall have been made, which, in each case, are desirable or required to make effective the First Advance Security and to ensure the perfection and the first-ranking priority of the First Advance Security subject only to Permitted Liens which rank by law in priority;

(iii) certified copies of (i) the charter documents of each Credit Party; (ii) all resolutions of the Board of Directors or members, as the case may be, of each Credit Party approving the borrowing and other matters contemplated by this Agreement and the other Credit Documents, and (iii) a list of the officers and directors authorized to sign agreements together with their specimen signatures;

(iv) a good standing certificate or like certificate with respect to each Credit Party issued by the appropriate Governmental Authority of the jurisdiction of its organization;

(v) all approvals, acknowledgments and consents of all Governmental Authorities and other Persons which are required to be obtained by the Borrower in order to complete the transactions contemplated by this Agreement and to perform its obligations under any Credit Document to which it is a party;

(vi) opinions from the counsel for each Credit Party regarding its corporate status, the due authorization, execution, delivery and enforceability of the Credit Documents provided by it, and such other matters as the Agent and the Lenders may reasonably require;

(vii) the documentation and other information that is required by the Agent and the First Advance Lender pursuant to Anti-Terrorism Laws and applicable "know your client" laws and regulations; and

(viii) copies of the fully executed [Redacted] Credit Agreement and the other [Redacted] Credit Documents.

Section 4.2 Conditions Precedent to the Second Advance

The obligation of the Second Lender to make the Second Advance under the Credit Facility is subject to fulfilment of the following conditions precedent at the time the Second Advance is made available:

(a) no Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of the Second Advance;

(b) the Second Security shall have been executed and delivered, all registrations necessary in connection therewith shall have been made, and all legal opinions and other documentation reasonably required by the Second Advance Lender in connection therewith shall have been executed and delivered, all in form and substance reasonably satisfactory to the Agent and the Second Advance Lender;

(c) the Agent having received, in form and substance and dated a date reasonably satisfactory to the Second Advance Lender and its counsel:

(i) an executed copy of the Guarantees (other than the IP Guarantee) and the Security Advance Security Documents; and

(ii) opinions from the counsel for each Credit Party regarding its corporate status, the due authorization, execution, delivery and enforceability of the Second Advance Security Documents.

Section 4.3 Conditions Precedent to any Subsequent Advance

The obligation of any Subsequent Advance Lender to make a Subsequent Advance under the Credit Facility is subject to fulfilment of the following conditions precedent at the time such Subsequent Advance is made available:

(a) no Default or Event of Default has occurred or is continuing or would arise immediately after giving effect to or as a result of such Subsequent Advance;

(b) the Subsequent Security (if any) shall have been executed and delivered, all registrations necessary in connection therewith shall have been made, and all legal

opinions and other documentation reasonably required by the applicable Subsequent Advance Lender in connection therewith shall have been executed and delivered, all in form and substance reasonably satisfactory to the Agent and such Subsequent Advance Lender;

(c) the Agent having received, in form and substance and dated a date reasonably satisfactory to such Subsequent Advance Lender and its counsel:

(i) an executed copy of the Subsequent Advance Security Documents (if any); and

(ii) opinions from the counsel for each Credit Party regarding its corporate status, the due authorization, execution, delivery and enforceability of the Subsequent Advance Security Documents (if any).

Section 4.4 Waiver of Conditions Precedent.

The conditions precedents set out in Section 4.1 are inserted for the sole benefit of the First Advance Lender and may be waived only by the First Advance Lender. The conditions precedents set out in Section 4.2 are inserted for the sole benefit of the Second Advance Lender and may be waived only by the First Advance Lender. The conditions precedents set out in Section 4.3 are inserted for the sole benefit of the applicable Subsequent Advance Lender and may be waived only by such Subsequent Advance Lender.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES –

Section 5.1 Representations and Warranties.

Each Credit Party represents and warrants to the Agent and each Lender, acknowledging and confirming that the Agent and each Lender is relying on such representations and warranties without independent inquiry in entering into this Agreement and providing the Advances that:

(1) **Incorporation and Qualification**. Each of the Credit Parties is a company duly organized and validly existing under the laws of its jurisdiction of organization. Each of the Credit Parties is qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which such qualification, licensing or registration is necessary or where failure to be so qualified would have a Material Adverse Effect;

(2) **Power**. Each of the Credit Parties has all requisite entity power and authority to (i) own, lease and operate its properties and assets and to carry on its business as now being conducted by it, and (ii) enter into and perform its obligations under the Credit Documents to which it is a party;

(3) **Conflict With Other Instruments**. The execution and delivery by each of the Credit Parties and the performance by each of them of their respective obligations under, and compliance with the terms, conditions and provisions of, the Credit Documents to which

they are a party will not (i) conflict with or result in a breach of any of the terms or conditions of (u) their respective organization documents, (v) any Applicable Law (including with respect to the Borrower and the IP Guarantor only, all Federal Cannabis Laws) in any material respect, or (w) any contractual restriction binding on or affecting them or their respective Assets, or (ii) result in, require or permit (x) the imposition of any Lien in, on or with respect to any of their respective Assets (except in favour of the Agent and the Secured Creditors) or (y) the acceleration of the maturity of any indebtedness binding on or affecting any Credit Party;

(4) **Entity Action, Governmental Approvals, etc.** The execution and delivery of each of the Credit Documents by each of the Credit Parties, in each case, to the extent a party thereto and the performance by each of the Credit Parties of their respective obligations under the Credit Documents, in each case, to the extent a party thereto, have been duly authorized by all necessary entity action including the obtaining of all necessary equity owner consents. No authorization, consent, approval, registration, qualification, designation, declaration or filing with any Governmental Authority or other Person, is or was necessary to be obtained or made by the Borrower in connection with its execution, delivery and performance of obligations under the Credit Documents except as are in full force and effect, unamended, at the date of this Agreement;

(5) **Execution and Binding Obligation.** This Agreement and the other Credit Documents have been duly executed and delivered by each of the Credit Parties, in each case, to the extent a party thereto and constitute legal, valid and binding obligations of each such Person enforceable against them in accordance with their respective terms, subject only to any limitation under Applicable Laws relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) general equitable principles;

(6) **Compliance with Applicable Laws.** Each of the Credit Parties is in compliance, in all material respects, with all Applicable Laws (including with respect to the Borrower and the IP Guarantor only, all Federal Cannabis Law);

(7) **No Default.** No Credit Party is in violation of its organizational documents or any operating agreement applicable to it;

(8) **No Default or Event of Default.** No Default or Event of Default has occurred and is continuing or would reasonably be expected to arise immediately after giving effect to or as a result of the applicable Advance pursuant to this Agreement;

(9) **Books and Records.** All books and records of each of the Credit Parties have been fully, properly and accurately kept and completed in all material respects in accordance with GAAP, where applicable, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;

(10) **Financial Statements.** The historical financial statements provided to the Lender in connection with this Agreement and the audited consolidated financial statements of the Parent have been prepared in accordance with GAAP and each presents fairly and consistently in all material respects:

(a) the consolidated assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of the Parent as at the respective dates of the relevant statements; and

(b) the consolidated sales and earnings of the Parent during the periods covered by such statements;

(11) **Solvency.** Each Credit Party is Solvent on an individual basis;

(12) **Security**.

(a) Each of the Security Documents, when entered into by the applicable Credit Party, shall be effective to create in favour of the Agent for the benefit of the applicable Secured Creditors, legal, valid and perfected first priority Liens (subject only to Permitted Liens which rank by law in priority), enforceable in accordance with their terms against third parties and any trustee in bankruptcy in the Collateral subject thereto, except to the extent a secured creditor's rights are affected or limited by applicable bankruptcy, insolvency, moratorium, organization and other laws of general application limiting the enforcement of secured creditors' rights generally;

(13) **Issuance of Parent Shares.**

(a) the Parent has full corporate power and authority to issue the Parent Shares as contemplated in this Agreement and such Parent Shares, when issued will be duly and validly authorized and will not result in any breach or be in conflict with or constitute a default under or create a state of facts that after notice or lapse of time or both would constitute a default under any term or provision of the Parent's constating documents, by-laws or resolutions of the directors of the Parent;

(b) the Parent Shares have been duly authorized and, when issued and delivered, will be validly issued and outstanding as fully paid and non-assessable Parent Shares;

(c) the issued and outstanding Parent Shares are listed and posted for trading on the Exchange and, to the knowledge of the Parent, the Parent is not in default of any material listing or filing requirements of the Exchange;

(d) the Parent has made or will make all necessary filings and has done and will do all other things necessary under the rules of the Exchange to list the Parent Shares on the Exchange on the date such Parent Shares are issued; and

(e) no order ceasing or suspending trading in the securities of the Parent or prohibiting the sale of the Parent Shares has been issued to the Parent or its directors or officers and no investigations or proceedings for such purposes are pending or threatened.

(14) **Ownership of Assets**. The Credit Parties own all assets in all material respects required in order to carry on their businesses as presently conducted. Each Credit Party owns, and possesses its assets free and clear of any and all Liens except for Permitted Liens. No

Credit Party has any commitment or obligation (contingent or otherwise) to grant any Liens except for Permitted Liens.

(15) **Intellectual Property.** The IP Guarantor possesses or has the right to use all Intellectual Property material to the conduct of its business, each of which is in good standing in all material respects; and has the right to use such Intellectual Property without violation of any material rights of others with respect thereto. No Person has asserted any claim in respect of the validity of such Intellectual Property or the IP Guarantor 's rights therein, and the Borrower and the IP Guarantor are not aware of any basis for the assertion of any such claims. The Borrower and the IP Guarantor are not aware of any material infringement of the IP Guarantor's rights under such Intellectual Property by other Persons. The conduct and operations of the businesses of the IP Guarantor does not infringe, misappropriate, dilute or violate, in any material respect, any Intellectual Property rights held by any other Person.

(16) **Anti-Terrorism, Anti-Corruption Laws.** No Credit Party is a Person that is, or is owned or controlled by Persons that are: (i) the subject or target of any Sanctions; or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions, including Cuba, Iran, North Korea, Sudan and Syria. None of the Obligations and none of the other amounts payable under the Credit Agreement will be paid by the Borrower or the IP Guarantor with any property or proceeds of any property that was obtained or derived directly or indirectly: (x) as a result of an act or omission anywhere that, if it had occurred in Canada, would have constituted a designated offence (as defined in section 462.31(1) of the Criminal Code); or (y) in contravention of any Federal Cannabis Law; and

(17) **Margin Regulations**. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock.

(18) **Taxes.** Each Credit Party has paid all Taxes due and owing by it within applicable time periods. Each Credit Party is in compliance in all material respects with Section 280E of the Internal Revenue Code of 1986, as amended.

(19) **SPV Status.**

(a) Since the date of its incorporation, the Borrower has not (i) conducted any business other than the entry into the Credit Documents and the [Redacted] Credit Documents or (ii) had any employees and, as at the date of this Agreement, it has no employees. The Borrower does not have any assets and it has not incurred any liabilities other than under the Credit Agreement Documents or [Redacted] Credit Documents.

Section 5.2 Survival of Representations and Warranties.

The representations and warranties in this Agreement and in any certificates or documents delivered to the Agent and the Lender shall not merge in or be prejudiced by and shall survive the

making of the Advances and shall continue in full force and effect until all Obligations are either repaid or satisfied.

ARTICLE 6
COVENANTS OF THE BORROWER

Section 6.1 Affirmative Covenants

Until all Obligations are either repaid or satisfied, then unless consent is given in accordance with Section 11.1, the Borrower and the Guarantors, as applicable, shall do the following:

(1) **Prompt Payment.** The Borrower will pay or cause to be paid all Obligations and other amounts payable under the Credit Documents punctually when due.

(2) **Additional Reporting Requirements.** Deliver to the Agent (with sufficient copies for the Lender):

(a) as soon as practicable, and in any event within three Business Days after the occurrence of each Default or Event of Default, a statement of the Borrower, signed on its behalf by the chief financial officer of the Borrower or any other officer acceptable to the Agent, setting forth the details of the Default or Event of Default and the action which the Credit Party proposes to take or have taken; and

(b) such other information respecting the condition or operations, financial or otherwise, of any Credit Party or its business as the Agent, on behalf of the Lender, may from time to time reasonably request;

(3) **Share Purchases.** Upon (i) the First Advance Lender's request within 10 Business Days following the First Advance Maturity Date, the Borrower shall purchase up to 328,000 Interest Shares delivered to the First Advance Lender (or such Persons as the First Advance Lender may direct) in connection with the First Advance and then held by the First Advance Lender (or such other Persons to which such Interest Shares were issued) at a purchase price of US$4.50 per Interest Share, and (ii) the Second Advance Lender's request within 10 Business Days following the third anniversary of the Second Advance Closing Date, the Borrower shall purchase up 480,000 Interest Shares delivered to the Second Advance Lender (or the such U.S. person as the Second Advance Lender had instructed such Interest Shares to be issued to) in connection with the Second Advance and then held by the Second Advance Lender (or such U.S. person to which such Interest Shares were issued) at a price of US$4.50 per Interest Share. As a condition to the Borrower's obligations under this Section, each of the First Advance Lender and the Second Advance Lender shall deliver all evidence reasonably requested by the Borrower to evidence that the holder of the Interest Shares has not transferred such Interest Shares and the proposed shares subject to this provision are the same shares that were issued as Interest Shares.

(4) **Existence.** Each Credit Party shall maintain its corporate existence in good standing, continue to carry on its business in all applicable jurisdictions, maintain all qualifications

to carry on business in each applicable jurisdiction, and conduct its business in a proper and efficient manner;

(5) **Permitted Uses.** Use the proceeds of the Advances hereunder only for the purposes permitted pursuant to Section 2.3;

(6) **Intellectual Property.** The IP Guarantor shall:

(a)(i) protect, defend and use commercially reasonable efforts to maintain the ownership, validity and enforceability of the material Intellectual Property, (ii) use its best efforts to detect any actions which may be or are infringements, violations, passing off, dilution or other claims of or against the material Intellectual Property and promptly advise the Agent in writing of any litigation relating thereto, and (iii) not allow any of the Intellectual Property to be abandoned, forfeited, cancelled, expunged and/or dedicated to the public without the written consent of the Agent;

(b)use, and make commercially reasonable efforts to ensure that any licensee uses, the Intellectual Property in such manner as to preserve its rights therein provided that it is acknowledged and agreed that the IP Guarantor is under no obligation to use or continue to use any Intellectual Property if it determines that such Intellectual Property is no longer material; and

(c)take such actions as may be necessary or advisable in order to preserve the rights of the Agent under the IP Security Agreement.

(7) **Anti-Terrorism Laws.** Promptly provide all information with respect to the Credit Parties, their respective directors, authorized signing officers, direct or indirect shareholders or other persons in control of the Credit Parties, including supporting documentation and other evidence, as may be reasonably requested by the Agent or any Lender or, subject to Section 11.6(2), any prospective assignee of the Agent or any Lender, in order to comply with any applicable Anti-Terrorism Laws or such other applicable "know your client" laws and requirements, whether now or hereafter existence.

(8) **Inspection.** Prior to an Event of Default that is continuing, each Credit Party will permit the Agent and its employees and agents to enter upon and inspect its properties, assets, books and records from time to time during normal business hours upon reasonable prior notice and in a manner which does not materially interfere with its business, and make copies of and abstracts from such books and records and discuss its affairs, finances and accounts with any of its officers, directors, accountants and auditors, and execute and deliver all consents and further assurances as may be necessary or desirable in order for the Agent and its agents to obtain information from Governmental Authorities and other third parties with respect to environmental matters; provided that so long as no Event of Default has occurred and is continuing, such inspection rights shall be limited to no more than once in any twelve month period. During an Event of Default that is continuing, each Credit Party will permit the Agent and its employees and agents to enter upon and inspect its properties, assets, books and records at any time and make copies of and abstracts from such books and records and discuss its affairs, finances and accounts with any of its

officers, directors, accountants and auditors, and execute and deliver all consents and further assurances as may be necessary or desirable in order for the Agent and its agents to obtain information from Governmental Authorities and other third parties with respect to environmental matters.

(9) **Compliance**. Comply in all material respects with all Applicable Laws (including, with respect to the Borrower and the IP Guarantor only, all Federal Cannabis Laws).

(10) **Perform Obligations.** Each Credit Party shall timely fulfil all covenants and obligations required to be performed by it under those Credit Documents to which it is a party.

(11) **Payment of Taxes.** Pay when due all rents, Taxes, rates, levies, assessments and governmental charges, fees and dues lawfully levied, assessed or imposed in respect of its property which are material to the conduct of its business, and deliver to the Agent upon request receipts evidencing such payments; except for rents, Taxes, rates, levies, assessments and governmental charges, fees or dues in respect of which an appeal or review proceeding has been commenced, a stay of execution pending such appeal or review proceeding has been obtained or reserves have been established in accordance with GAAP; and the amounts in question do not in the aggregate materially detract from the ability of the Credit Parties to carry on their businesses and to perform and satisfy all of their respective obligations hereunder. Comply in all material respects with Section 280E of the Internal Revenue Code of 1986, as amended.

(12) **Maintenance of Records.** The Credit Parties will maintain good and proper books, accounts and records in accordance with GAAP.

(13) **Maintenance of Assets.** Each Credit Party will keep its property and assets (except obsolete assets) in good repair and working condition.

(14) **Further Assurances.** The Credit Parties will provide the Agent with such further information, financial data, documentation and other assurances as the Agent or the Lenders may reasonably require from time to time.

(15) **Notice of Certain Events.** The Borrower shall provide written notice to the Agent of each of the following promptly after the occurrence thereof:

(a)any Default or Event of Default;

(b)the issuance of any management letter to the Parent or any of the Credit Parties by its auditor;

(c)the results of any facility audit by any Governmental Authority to the extent such results are material and negative; and

(d)the incorrectness of any representation or warranty contained in the Credit Documents in any material respect.

Section 6.2 Negative Covenants

Each Credit Party hereby covenants and agrees with the Agent and the Lender that each will not:

(1) **Debt.** Create, incur, assume or suffer to exist any Debt except Permitted Debt;

(2) **Liens.** Create, incur, assume or suffer to exist, or permit any Lien on its Assets other than Permitted Liens;

(3) **Disposition of Assets.** In the case of the IP Guarantor, directly or indirectly, sell, transfer, assign, lease or otherwise dispose of any of any material party of its Intellectual Property which is the subject of the IP Security Agreement. In the case of any other Credit Party, directly or indirectly, sell, transfer, assign, lease or otherwise dispose of any material part of the Collateral which is subject to the Security except for Permitted Dispositions;

(4) **Certain Payments.** Make any payment in respect of principal, interest, fees or any other amounts in respect of Subordinated Debt;

(5) **Transactions with Related Parties.** Enter into any contract, carry out any transaction or otherwise have any dealings with Related Parties except on terms that are fair and reasonable and no less favourable to it than it could reasonably be expected to obtain in any comparable arm's length transaction with a Person that is not a Related Party;

(6) **Agreements to Restrict Dividends and Other Payments.** Create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Credit Party to:

(i)pay dividends or make any other distributions to the Parent Entities;

(ii) make loans or advances to the Borrower or the Parent Entities; or

(iii) sell, lease or transfer any of its Assets to the Borrower or the Parent Entities;

except in each case for such encumbrances and restrictions as are set forth in this Agreement or the Side Letter.

(7) **Carrying on Business**. Cease to carry on its business in the ordinary course, consistent with past practices;

(8) **Principal Place of Business.** Change a Credit Party’s principal place of business or chief executive office or reorganize a Credit Party in a different jurisdiction without prior written notice to the Agent.

(9) **Anti-Money Laundering, Anti-Terrorism Laws, etc.** (a)(i) conduct any business or engage in any transaction or dealing with or for the benefit of any Blocked Person, including the making or receiving of any contribution of funds, goods or services to, from or for the benefit of any Blocked Person; (ii) deal in, or otherwise engage in any

transaction relating to, any property or interests in property blocked or subject to blocking pursuant to the Sanctions; (iii) use any of the proceeds of the Credit Facility or the transactions contemplated by this Agreement to finance, promote or otherwise support in any manner any illegal activity, including, without limitation, any violation of the Anti-Money Laundering and Anti-Terrorism Laws or any specified unlawful activity as that term is defined in the Money Laundering Control Act of 1986, 18 U.S.C. §§ 1956 and 1957; or (iv) violate, attempt to violate, or engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, any of the Anti-Money Laundering and Anti-Terrorism Laws in any material respects; or (b) with respect to any Credit Party, any subsidiary or affiliate of any Credit Party, any officer, director or principal shareholder or owner of any Credit Party, any of the Credit Parties' respective agents acting or benefiting in any capacity in connection with the Credit Facility or other transactions hereunder, shall be or shall become a Blocked Person. In the case of the Borrower and the IP Guarantor, pay or cause to be paid all Obligations and other amounts payable under the Credit Documents with any property or proceeds of any property that was obtained or derived directly or indirectly: (x) as a result of an act or omission anywhere that, if it had occurred in Canada, would have constituted a designated offence (as defined in section 462.31(1) of the Criminal Code); or (y) in contravention of any Federal Cannabis Law.

(10) **Anti-Bribery and Anti-Corruption Laws.** (a) offer, promise, pay, give, or authorize the payment or giving of any money, gift or other thing of value, directly or indirectly, to or for the benefit of any Foreign Official for the purpose of: (i) influencing any act or decision of such Foreign Official in his, her, or its official capacity; or (ii) inducing such Foreign Official to do, or omit to do, an act in violation of the lawful duty of such Foreign Official, or (iii) securing any improper advantage, in order to obtain or retain business for, or with, or to direct business to, any Person; or (b) act or attempt to act in any manner which would subject any of the Credit Parties or their Subsidiaries to liability under any Anti-Corruption Law.

(11) **Investment Company Act of 1940.** Engage in any business, enter into any transaction, use any securities or take any other action or permit any of its subsidiaries to do any of the foregoing, that would cause it or any of its subsidiaries to be required to register under the registration requirements of the Investment Company Act of 1940, as amended, by virtue of being an "investment company" or a company "controlled" by an "investment company" not entitled to an exemption within the meaning of such Act.

(12) **Amendments to Documents.** Amend or change any of its Governing Documents, except where such amendment is not materially adverse to the interests of the Lender under the Credit Documents.

ARTICLE 7
SECURITY

Section 7.1 Security to be Provided by Credit Parties. The Credit Parties (other than the Borrower) are providing the security listed below as continuing security for the payment of the

Obligations, including all obligations of the Borrower arising under or in respect of this Agreement and the other Credit Documents:

1. in relation to the Second Advance only, subject to the receipt of any consents approvals and authorizations from all applicable Governmental Authorities, either (i) a securities pledge agreement pursuant to which the securities in the capital of each Credit Party (other than the Borrower) are pledged in favour of the Agent or (ii) an executed copy of the Connecticut Purchase Agreement; and

2. in relation to all Advances, the IP Security Agreement, creating an assignment and security interest in respect of Intellectual Property of the IP Guarantor, provided that the remedies in relation to the IP Security Agreement shall be limited to the remedies set out in Section 9.3(1).

Section 7.2 Share Certificates. All share certificates evidencing issued and outstanding securities in the capital of each Credit Party (other than the Borrower) shall be delivered to the Agent together with a stock transfer power of attorney executed in blank.

ARTICLE 8
CHANGES IN CIRCUMSTANCES

Section 8.1 Taxes. (1) If any Credit Party, the Agent or any Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document, then (i) the sum payable shall be increased by such Credit Party when payable as necessary so that after making or allowing for all required deductions and payments for Indemnified Taxes (including deductions and payments applicable to additional sums payable under this Section 8.1), the Agent or any Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or payments for Indemnified Taxes been required, (ii) such Credit Party shall make any such deductions required to be made by it under Applicable Law and (iii) such Credit Party shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.

(1) Without limiting the provisions of Section 8.1(1) above, each Credit Party shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(2) The Credit Parties shall indemnify the Agent and each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(3) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment satisfactory to the Agent.

(4) Any Foreign Recipient that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Credit Document shall, at the request of the Borrower, deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender or Foreign Recipient, if requested by the Borrower or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender or Foreign Recipient is subject to withholding or information reporting requirements.

(5) If the Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by a Credit Party or with respect to which a Credit Party has paid additional amounts pursuant to this Section 8.1 or that, because of the payment of such Taxes or Other Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to such Credit Party an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by such Credit Party under this Section 8.1 with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all expenses of the Agent, or such Lender, as the case may be, and without interest (other than any net after Tax interest paid by the relevant Governmental Authority with respect to such refund). Each Credit Party, upon the request of the Agent, or such Lender, agrees to repay the amount paid over to such Credit Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Agent or such Lender if the Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This Section 8.1(6) shall not be construed to require the Agent, or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

(6) The provisions of this Section 8.1 shall survive the termination of this Agreement and the repayment of the Obligations.

ARTICLE 9
EVENTS OF DEFAULT

Section 9.1 Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default under this Agreement (an **"Event of Default"**):

(a)the Borrower fails to pay any amount of the Aggregate Principal Amount (including the Applicable Premium) when such amount becomes due and payable;

(b)the Borrower fails to deliver the Interest Shares when they become due and payable and such failure continues un-remedied for five Business Days;

(c)any Credit Party fails to perform, observe or comply with any of the covenants contained in Section 6.1(3), Section 6.1(4) and Section 6.2;

(d)any Credit Party fails to perform, observe or comply with any of its other covenants, agreements or other obligations in this Agreement or the Credit Documents and such failure continues for a period of thirty (30) days;

(e)any Credit Party repudiates its obligations under any Credit Document or any material provision thereof, or claims any of the Credit Documents or any material provision thereof to be invalid in whole or in part;

(f)any one or more of the Credit Documents or any material provision thereof ceases to be, or is determined by a court of competent jurisdiction not to be, a legal, valid and binding obligation of any Credit Party which is a party thereto, or enforceable by the Agent, the Lender or any of them against such Credit Party; or any Credit Party or Parent contests in any manner the validity or enforceability of any material provision of any Credit Document; or any Credit Party or Parent denies that it has any or further liability or obligation under any provision of any Credit Document, or purports to revoke, terminate or rescind any provision of any Credit Document;

(g)there is a Change of Control;

(h)any Credit Party or Parent (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding up, administration, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors including any proceeding under applicable corporate law seeking a compromise or arrangement of, or stay of proceedings to enforce, some or all of the debts of such Person, or (z) the entry of an order for relief or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its Assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 90 days, such Person fails to diligently and actively oppose such proceeding, or any of the actions sought in such

proceeding (including the entry of an order for relief against it or the appointment of a receiver, receiver manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions;

(i)(A) the Parent Shares ceases to be listed on the Exchange or Parent (or any successor) ceases to be a reporting issuer under Canadian securities laws, or (B) any order is issued, ceasing or suspending trading in the securities of the Parent for a period of five trading days or longer, or prohibiting the sale of the Parent Shares; or

(j)any Person which has provided a Guarantee in respect of the Obligations terminates or purports to terminate its liability under such Guarantee or its liability thereunder in respect of the Advances, or disputes the validity or enforceability of such Guarantee or any Security provided by such Person.

Section 9.2 Acceleration.

Upon the occurrence and during the continuance of an Event of Default, the Lender or the Agent may by written notice to the Borrower declare all Obligations (including the Applicable Premium) to be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided that, upon the occurrence of an Event of Default under Section 9.1(h), all Obligations shall become immediately due and payable without notice by the Lender or the Agent.

Section 9.3 Remedies Upon Default.

Without limiting the rights and remedies of the Agent or any Lender under any other provisions of any Credit Document or under applicable law or at equity,

(1) Once the Obligations (including the Applicable Premium) become due and payable pursuant to Section 9.2, the Agent shall provide written notice to the Credit Parties of its intention to enforce on the Security (the "**Notice of Intent**"); provided that, upon the occurrence of an Event of Default under Section 9.1(h), no Notice of Intent shall be required. The terms and conditions of such enforcement are set forth below:

(a)Concurrently with the delivery of the Notice of Intent, the Agent shall provide the Third Party a written offer (the "**Third Party Offer**") to sell to the Third Party all of the Intellectual Property at a price equal to $110,000,000 (the "**Third Party Purchase Price**"). The Third Party Offer shall be open for a period of 30 days following the Third Party's receipt of the Third Party Offer.

(b)In the event that the Third Party provides written acceptance of the Third Party Offer (the "**Acceptance Notice**") to the Agent (i) the IP Guarantor shall transfer the Intellectual Property to the Agent on or before the Third Party IP Purchase Deadline, and (ii) as soon as reasonably practicable (and in any event not later than five days following the date the IP Guarantor transfers the Intellectual Property to the Agent), the Agent shall transfer the Intellectual Property to the Third Party, each

pursuant to an intellectual property purchase agreement in substantially the form of Exhibit 9.3 (the "**Intellectual Property Purchase Agreement**"). The "**Third Party IP Purchase Deadline**" shall be the date that is 30 days after the date that the Agent receives the Acceptance Notice; provided that if the parties are proceeding in good faith to transfer the Intellectual Property pursuant to an Intellectual Property Purchase Agreement, the Third Party IP Purchase Deadline shall be extended until such time as reasonably determined by the Agent and the Borrower. Simultaneously with the transfer of the Intellectual Property by the Agent to the Third Party, the Agent shall pay to the Borrower in cash an amount equal to the amount by which the proceeds of the Third Party Purchase Price exceeds the amount of the Obligations then due and payable.

(2) In the event that the Third Party does not deliver an Acceptance Notice within the 30-day period specified above, the remedies of the Secured Creditors shall be limited as follows:

(a) the Agent shall (for the benefit of the Secured Creditors), upon the written direction of the Secured Creditors, direct the Borrower to cause the Parent to offer for sale (whether by private placement or prospectus or registered offering) up to (i) 8,800,000 Parent Shares if the Second Advance is not then outstanding , or up to 20,000,000 Parent Shares if the Second Advance is then outstanding (the "**Parent Share Offering**") within 30 days following the written request to do so received from the Agent (following the expiry of such 30-day period), with the number of Parent Shares to be offered, to be determined in the sole discretion of the Parent. The Borrower shall cause all of the net proceeds of the Parent Share Offering to be used to repay the Obligations (with any remaining proceeds being retained by the Borrower or the Parent, as the case may be). To the extent that the net proceeds of the Parent Share Offering is not sufficient to repay all applicable Obligations then outstanding, the proceeds of the Parent Share Offering shall be used for repayment as follows:

(i) if the Second Advance is then outstanding and the net proceeds from the Parent Share Offering is $29,700,000 or less, 25% such proceeds shall be used to repay the First Advance and the Applicable Premium thereon, and 75% of the net proceeds shall be used to repay the Second Advance and the Applicable Premium thereon;

(ii) if the Second Advance is then outstanding, and the net proceeds from the Parent Share Offering is greater than $29,700,000, such proceeds will be applied in repayment in full of the Second Advance and the Applicable Premium thereon, and the remaining net proceeds shall be applied in partial repayment of the First Advance and the Applicable Premium thereon;

(iii) if the Second Advance is then not outstanding and if the First Advance is then outstanding, such proceeds will be applied in repayment of the First Advance in an amount equal to the remaining unpaid amount of the First Advance and the Applicable Premium thereon.

(b) If the Parent Share Offering is not completed within the 30 day period referred to above or the proceeds from the Parent Share Offering remitted to the Agent are not sufficient to satisfy the Obligations relating to the First Advance and the Second Advance as set out in Section 9.3(2)(a) and, if so agreed between the Borrower and the applicable Subsequent Advance Lender, any applicable Subsequent Advance, the Borrower will make a one-time cash payment to the Agent equal to (i) the sum of (A) the First Advance Obligations and (B) the Second Advance Obligations less (ii) the amount of the net proceeds from the Parent Share Offering (if any) previously remitted to the Lender in respect of such Advances, which payment shall be made as soon as practicable following the completion or termination of the Parent Share Offering, but no later than sixty days following the date upon which the Agent delivers written notice to the Lender indicating that the Parent Share Offering is to be undertaken.

(c) In the event that the Obligations have still not been indefeasibly paid in full after the exercise of the remedies set out in Section 9.3(1), Section 9.3(2)(a) and Section 9.3(2)(b) above, the Agent, for the benefit of the Secured Creditors, may elect to enforce:

(i) its rights under the IP Security Agreement in relation to the IP Collateral (the "**IP Proceeds**"); and

(ii) in relation to the Second Advance only, the Second Lender's rights under the other Security Documents (the "**Connecticut Proceeds**"),

and all proceeds of such enforcement shall be applied as follows: (A) as to the IP Proceeds, in repayment of the Aggregate Principal Amount of all Advances and (B) as to the Connecticut Proceeds, in repayment of the Aggregate Principal Amount of the Second Advance.

(d) In the event that the First Advance Obligations have not been repaid in full after the exercise of the remedies set out in Section 9.3(1), Section 9.3(2)(a), Section 9.3(2)(b) and Section 9.3(2)(c) above, the Borrower shall, within 60 days thereafter, cause certain Subsidiaries of the Parent to sell all or any portion of the Pennsylvania Assets. Upon the consummation of the sale of all or any portion of such Pennsylvania Assets, the Borrower shall cause an amount equal to the amount by which the First Advance Obligations have not been repaid to be transferred to the Agent for the account of the First Advance Lender.

(3) Notwithstanding anything in this Article 9, immediately upon the occurrence of an Event of Default under Section 9.1(h), the Agent and the Lender shall have all of the rights described in Section 9.3.

(4) All rights and remedies granted to the Agent and the Lender in this Agreement, and any other documents or instruments in existence between the parties or contemplated hereby, and any other rights and remedies available to the Agent and the Lenders at law or in equity, shall be cumulative. The exercise or failure to exercise any of the said remedies

shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non- exclusive (except to the extent such remedy is expressly stated to be exclusive in this Agreement).

ARTICLE 10
THE AGENT AND THE LENDERS

Section 10.1 Appointment and Authority.

The Lender hereby irrevocably appoints the Agent to act on its behalf as the Agent hereunder and under the other Credit Documents as expressly provided herein and therein and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

Section 10.2 Rights as a Lender.

Each Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each Person serving as the Agent hereunder in its individual capacity. Each such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Credit Party or any Affiliate thereof as if such Person were not the Agent and without any duty to account to the Lenders.

Section 10.3 Exculpatory Provisions.

(1) The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents, and its duties shall be administrative in nature. Without limiting the generality of the foregoing, the Agent shall not:

(a) be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Agent is required to exercise as directed in writing by the Lender, but the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, (i) may expose the Agent to liability, (ii) is contrary to any Credit Document or Applicable Law, (iii) would require the Agent to become registered to do business in any jurisdiction, or (iv) would subject the Agent to taxation; and

(c) except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

(2) The Agent shall not be (and none of its directors, officers, agents or employees shall be) liable for any action taken or not taken by it (i) with the consent or at the request of the Lender or (ii) in the absence of its own gross negligence or wilful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment.

(3) Except as otherwise expressly specified in this Agreement, the Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default (and the Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until the Agent has been notified in writing by a Credit Party of such fact or has been notified in writing by a Lender that it considers that a Default or Event of Default has occurred and is continuing, such notification to specify in detail the nature thereof), (iv) the validity, enforceability, effectiveness or genuineness of, or the sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement, any other Credit Document or any other agreement, instrument or document (and the Agent shall be entitled to assume that the same are valid, enforceable, effective, genuine, sufficient, supported by value given, have been signed or delivered by the proper parties and are what they purport to be), or (v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Agent.

(4) The Agent is not obliged to (i) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Credit Documents, or (ii) incur or subject itself to any cost in connection with the Credit Documents, unless it is first specifically indemnified or furnished with security by the Secured Creditors, in form and substance satisfactory to it (which may include further agreements of indemnity or the deposit of funds).

Section 10.4 Reliance by Agent.

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making, extension, renewal or increase of any Advance that by its terms must be fulfilled to the satisfaction of a Lender, the Agent may presume that such condition is satisfactory to such Lender unless the Agent shall have received notice to the contrary from such Lender prior to the making of such Advance. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 10.5 Indemnification of Agents.

Each Credit Party jointly and severally agrees to indemnify the Agent and hold it harmless from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Agent in any way relating to or arising out of the Credit Documents or the transactions therein contemplated or any actions taken or omitted to be taken by the Agent. However, no Credit Party shall be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from the Agent's gross negligence or wilful misconduct.

Section 10.6 Delegation of Duties.

The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent of the Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article 10 and other provisions of this Agreement and the other Credit Documents for the benefit of the Agent shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agents, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agent. The Agent shall not be responsible for the negligence or misconduct of any of its sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Agent acted with gross negligence or wilful misconduct in the selection of such sub-agent.

Section 10.7 Notices.

The Agent shall promptly deliver to each Lender any notices, reports or other communications contemplated in this Agreement which are intended for the benefit of the Lender.

Section 10.8 Replacement of Agents.

(1) The Agent may resign at any time by giving 30 days prior notice of its resignation to the Lender and the Borrower. Upon receipt of any such notice of resignation, the Lender shall have the right to appoint a successor.

(2) If no such successor shall have been so appointed by the Lender or shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lender, appoint a successor Agent, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any Security held by the Agent on behalf of the Secured Creditors under any of the Credit Documents, the retiring Agent shall continue to hold such Security until such time as a successor Agent is appointed) and (ii) except for any indemnity payments owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through such Agent shall instead be made by or to each Lender directly, until such time as the Lender appoints a successor Agent pursuant to Section 10.8(1).

(3) Upon a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Agent (other than any rights to indemnity payments owed to the former Agent), and the former Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the termination of the service of the former Agent, the provisions of this Article 10 and of Section 11.5 shall continue in effect for the benefit of such former Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Agent was acting as an Agent.

Section 10.9 Non-Reliance on Agents.

The Lender acknowledges that it has, independently and without reliance upon the Agent or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. The Lender also acknowledges that it will, independently and without reliance upon the Agent or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder.

Section 10.10 Holding of Security; Discharges.

If the Aggregate Principal Amount and all other amounts due and payable under the Credit Documents to the Agent and the Lender have been indefeasibly paid and performed in full in cash and the Commitment has been terminated, each of the Agent and the Lender will release their interest in the Security.

Section 10.11 Survival.

The provisions of this Article shall survive the termination of this Agreement and the repayment of the Obligations.

ARTICLE 11
MISCELLANEOUS

Section 11.1 Amendments, etc.

No amendment or waiver of any provision of any of the Credit Documents, nor consent to any departure by the Credit Parties or any other Person from such provisions, shall be effective unless in writing and approved by the Credit Parties and the Lender (and, with respect to any provision of Article 10 hereof, by the Credit Parties, the Lender and the Agent). Any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 11.2 Waiver.

No failure on the part of the Lender, the Agent, or any of the Credit Parties to exercise, and no delay in exercising, any right under any of the Credit Documents shall operate as a waiver of such right; nor shall any single or partial exercise of any right under any of the Credit Documents preclude any other or further exercise of such right or the exercise of any other right. The closing of this transaction shall not prejudice any right of one party against any other party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

Section 11.3 Evidence of Debt.

The indebtedness of the Borrower under the Credit Facility shall be evidenced by the records of the Agent acting on behalf of the Lender which shall constitute *prima facie* evidence of such indebtedness.

Section 11.4 Notices: Effectiveness; Electronic Communication.

(1) All notices and other communications provided for herein shall be in writing and shall be sent by personal delivery or courier service, mailed by certified or registered mail, or sent by e-mail addressed:

(a)to a Credit Party at:

c/o Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor
New York, NY 10017
USA

Attention: Glen Leibowitz, Chief Financial Officer

Telephone: (646) 491-6347
E-mail: g.leibowitz@acreageholdings.com

(b)to the Agent at:

IP Investment Company, LLC
366 Madison Avenue, 11th Floor
New York, NY 10017
USA

Attention: Kevin Murray

(c)and, if to the Lender, to it at its address or e-mail address specified in the Register.

(2) A notice is deemed to have been given and received (i) if sent by personal delivery or courier service, or mailed by certified or registered mail, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt)

and otherwise on the next Business Day or (ii) if sent by e-mail, on the date sent if it is a Business Day prior to 4:00 p.m. (local time where the recipient is located) and otherwise on the next Business Day.

(3) Any party hereto may change its address or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

Section 11.5 Expenses; Indemnity; Damage Waiver.

(1) The Borrower shall indemnify the Agent, (and any sub-agent thereof), each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Credit Party arising out of, in connection with, or as a result of (a) the execution, delivery or enforcement of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby, (b) the Advances or the use or proposed use of the proceeds therefrom, or (c) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by a Credit Party or Parent and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or the breach of any Credit Document by such Indemnitee.

(2) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Section 11.5(1) to be paid by it to the Agent (or any sub-agent thereof), or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's rateable portion (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent) in connection with such capacity.

(3) To the fullest extent permitted by Applicable Law, neither the Agent nor any Lender or any Credit Party nor Parent shall assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or

thereby, the Advances or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby.

(4) All amounts due under this Section 11.5 shall be payable promptly after demand therefor. A certificate of the Agent, or a Lender setting forth the amount or amounts owing to the Agent, Lender or a sub-agent or Related Party, as the case may be, as specified in this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error.

(5) The provisions of this Section 11.5 shall survive the termination of this Agreement and the repayment of the Aggregate Principal Amount or all other Obligations. To the extent required by law to give full effect to the rights of the Indemnitees under this Section 11.5, the parties hereto agree and acknowledge that the Agent and Lender is acting as agent for its respective Related Parties and agrees to hold and enforce such rights on behalf of such Related Parties as they may direct. The Borrower acknowledges that neither its obligation to indemnify nor any actual indemnification by it of the Lender, the Agent or any other Indemnitee in respect of such Person's losses for legal fees and expenses shall in any way affect the confidentiality or privilege relating to any information communicated by such Person to its counsel.

Section 11.6 Successors and Assigns.

(1) No Credit Party may assign or otherwise transfer any of its rights or obligations hereunder or any other Credit Document without the prior written consent of the Lender.

(2) So long as an Event of Default has not occurred and is continuing, the Lender may not sell participations in or assign its rights and obligations hereunder and under any other Credit Document without the consent of any Credit Party. Upon the occurrence and continuance of an Event of Default, the Lender may sell participations in or assign its rights and obligations hereunder and under any other Credit Document without the consent of any Credit Party but in no event may the Lender sell or assign its rights and obligations hereunder to a competitor of any Credit Party. The Lender may exchange information about the Credit Parties with actual or potential participants or assignees.

(3) The Agent shall maintain at its office in New York City, New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the name and address of the Lender, and the Commitments of, and principal amounts (and stated interest) of the Aggregate Principal Amount to, the Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Agent and the Lender shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and the Lender, at any reasonable time and from time to time upon reasonable prior notice.

Section 11.7 Reserved.

Section 11.8 Interest on Amounts.

Except as may be expressly provided otherwise in this Agreement, all amounts owed by the Borrower to the Agent and to any of the Lender, which are not paid when due (whether at stated maturity, on demand, by acceleration or otherwise) shall bear interest (both before and after default and judgment) in cash, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal to 5% in excess of the indicative interest rate set forth in Section 3.3 hereof.

Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Advance, together with all fees, charges and other amounts that are treated as interest on such Advance under applicable law (collectively the "**Charges**"), shall exceed the maximum lawful rate (the "**Maximum Rate**") that may be contracted for, charged, taken, received or reserved by a Lender holding such Advance in accordance with applicable law, the rate of interest payable in respect of such Advance hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Advance but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Advances or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon to the date of repayment, shall have been received by such Lender.

Section 11.9 Anti-Terrorism Laws.

(1) If, upon the written request of the Lender, the Agent has ascertained the identity of the Borrower or any authorized signatories of the Borrower for purposes of Anti-Terrorism Laws, then the Agent:

(a) shall be deemed to have done so as an agent for the Lender, and this Agreement shall constitute a "written agreement" in such regard between such Lender and the Agent within the meaning of the applicable Anti-Terrorism Law; and

(b) shall provide to the Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

(2) Notwithstanding and except as may otherwise be agreed in writing, the Lender agrees that the Agent does not have any obligation to ascertain the identity of the Borrower or any authorized signatories of the Borrower on behalf of the Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any authorized signatory in doing so.

Section 11.10 Governing Law: Jurisdiction: Etc.

(1) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to any laws of the State of New York that would require the application of the laws of another jurisdiction.

(2) The Borrower irrevocably and unconditionally submits, for itself and its Assets, to the non-exclusive jurisdiction of the state and federal courts located in the City and State of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Credit Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto 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. Nothing in this Agreement or in any other Credit Document shall affect any right that the Agent, or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against any Credit Party or its Assets in the courts of any jurisdiction.

(3) The Borrower irrevocably consents to the service of any and all process in any such action or proceeding to the Borrower at the address provided for it in Section 11.4. Nothing in this Section 11.10(3) limits the right of the Agent or any Lender to serve process in any other manner permitted by Applicable Law.

(4) The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in Section 11.10(2). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(5) Notwithstanding anything else contained in the Credit Documents, the Borrower and each Credit Party hereby agrees, for the sole benefit of the Lender, upon demand by the Agent, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise arising out of or relating to in any way (i) any Advance, Security and related Credit Documents which are the subject of this Agreement and its negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit. Any arbitration proceeding will (i) proceed in a location in New York, New York selected by the American Arbitration Association ("AAA"), or such other administrator as the parties shall mutually agree upon; (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's (or such other administrator's) commercial dispute resolution procedures, unless the claim or counterclaim is at least $1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's (or such other administrator's) optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to, as applicable, as the "Rules"). If there is any inconsistency between the terms

hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law. Any arbitration proceeding in which the amount in controversy is $5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than $5,000,000.00. Any dispute in which the amount in controversy exceeds $5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator(s) will be a neutral attorney licensed in the State of New York or a neutral retired judge of the state or federal judiciary of New York, in either case with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator(s) will determine whether or not an issue is arbitrable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator(s) will decide (by documents only or with a hearing at the discretion of the arbitrator(s)) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator(s) shall resolve all disputes in accordance with the substantive law of New York and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator(s) shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the New York Rules of Civil Procedure or other applicable law. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief. In any arbitration proceeding discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date and within 180 days of the filing of the dispute with the AAA. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator(s) upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available. The arbitrator(s) shall award all costs and expenses of the arbitration proceeding.

Section 11.11 Waiver of Jury Trial.

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 any other Credit Document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other Person has represented, expressly or otherwise, that such other Person would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into

this Agreement and the other Credit Documents by, among other things, the mutual waivers and certifications in this Section.

Section 11.12 Counterparts: Integration: Effectiveness: Electronic Execution.

(1) This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement. This Agreement and the other Credit Documents and any separate letter agreements with respect to fees payable to the Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it has been executed by the Agent and when the Agent has received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto.

(2) The words "**execution**," "**signed**," "**signature**," and words of like import in any Credit Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Transactions Act* (Alberta) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act* and equivalent laws of the United States including Electronic Signatures in Global and National Commerce Act of 2000 (15 USC § 7001 et seq.), the Electronic Signatures and Records Act of 1999 (N.Y. State Tech. Law §§ 301-309), or any other similar state laws based on the Uniform Electronic Transactions Act, as the case may be.

Section 11.13 Treatment of Certain Information: Confidentiality.

(1) Each of the Agent and the Lender agrees, and each of the Credit Parties agree, to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, managers, administrators, trustees, agents, auditors, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement in favour of the Credit Parties with privity of contract containing provisions substantially the same as those of this Section 11.13 to (i) any assignee of, or any prospective assignee of, any of its rights or obligations under this

Agreement or (ii) any actual or prospective party (or its partners, directors, officers, employees, managers, administrators, trustees, agents, advisors or other representatives) to any swap, derivative, credit-linked note or similar transaction under which payments are to be made by reference to the Credit Parties and their obligations, this Agreement or payments hereunder, or the advisors of the Persons referred to in (i) and (ii), (g) with the consent of the Credit Party or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Agent or the Lender on a non-confidential basis. Notwithstanding the foregoing, nothing herein shall be deemed to impose any duty on the Lender to refrain from trading in securities of the Parent, including the Interest Shares provided that the Lender is in compliance with all applicable securities laws and stock exchange rules related thereto. The Credit Parties acknowledge and agree that they will not provide the Lender with material, non-public information concerning Parent and none of the Lender and the Agent shall have any duty of confidentiality with respect to Information that may constitute non-public information of Parent.

(2) For purposes of this Section, "**Information**" means: (a) with respect to the Agent and the Lender, all information received in connection with this Agreement from each Credit Party relating to such Credit Party or any of their respective businesses, other than any such information that is available to the Agent or the Lender on a non-confidential basis prior to such receipt; and (b) with respect to the Credit Parties, all information contained in this Agreement and all other Credit Documents and all information received from the Agent and the Lender, including the identity of Affiliates and its and its Affiliates' respective partners, directors, officers, employees, managers, administrators, trustees, agents, auditors, advisors and representatives. Any Person required to maintain the confidentiality of Information as provided in this Section 11.13 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

(3) The Credit Parties agree to provide the Agent with the opportunity to review and comment on any press release in respect of any matter contemplated in any Credit Document. In respect of any Credit Document or other document to be filed on SEDAR (or on any other public filing repository), the Credit Parties agree to redact the names of all parties other than the Agent, the Lender and direct members of the Lender; provided, however, that the foregoing obligations of the Credit Parties are subject to applicable securities laws in the relevant jurisdiction in which the public filings are to be made.

Section 11.14 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 11.15 Time of the Essence.

Time is of the essence in this Agreement.

Section 11.16 USA PATRIOT Act.

Each Lender that is subject to the requirements of the *USA PATRIOT Act* hereby notifies the Borrower that, pursuant to the requirements of the *USA PATRIOT Act*, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the *USA PATRIOT Act*.

Section 11.17 No Fiduciary Duty.

The Agent, the Lender and their respective Affiliates (collectively, solely for purposes of this Section 11.17, the "**Lenders**"), may have economic interests that conflict with those of the Borrower, its members and its Affiliates. The Borrower agrees that nothing in the Credit Documents will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrower, its members or its Affiliates, on the other hand. The Borrower acknowledges and agrees that (a) the transactions contemplated by the Credit Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other hand, and (b) in connection therewith and with the process leading thereto, (i) no Lender has assumed an advisory or fiduciary responsibility in favour of the Borrower, its members or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Borrower, its members or its Affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in the Credit Documents and (ii) each Lender is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, members, creditors or any other person. The Borrower acknowledges and agrees that the Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transactions or the process leading thereto.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF the parties have executed this Credit Agreement.

ACREAGE FINANCE DELAWARE, LLC, as Borrower

By: _____
Name:
Title:

By: _____
Name:
Title:

ACREAGE IP HOLDINGS, LLC, as IP Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

IP INVESTMENT COMPANY, LLC, as a Lender and Agent

By: _____
Name:
Title:

PRIME WELLNESS OF CONNECTICUT, LLC, as a Guarantor

By: _____

D&B WELLNESS, LLC, as a Guarantor

By: _____

THAMES VALLEY APOTHECARY, LLC, as a Guarantor

By: _____

Name:
Title:

EXHIBIT 9.3
FORM OF INTELLECTUAL PROPERTY PURCHASE AGREEMENT

This INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT ("**IP Assignment Agreement**"), dated as of [•], is made by [•] ("**Assignor**") in favor of [•] ("**Assignee**").

WHEREAS, Acreage Finance Delaware, LLC ("**Acreage Finance**"), Acreage IP Holdings, LLC, Prime Wellness of Connecticut, LLC, D&B Wellness of Connecticut, LLC, Thames Valley Apothecary, LLC, and IP Investment Company, LLC, as Lender, Administrative Agent and Collateral Agent ("**Administrative and Collateral Agent**") have entered into a Credit Agreement, dated as of March [_], 2020 (the "**Credit Agreement**");

WHEREAS, pursuant to the Credit Agreement, upon an Event of Default (as defined in the Credit Agreement) and a declaration that all Obligations (as defined in the Credit Agreement) are immediately due and payable, the Administrative and Collateral Agent, on behalf of Assignor, has provided Assignee with a written offer to sell, transfer, and assign Assignee all of the Assigned IP (as defined below) in exchange for the payment of $[_] (the "**Third Party Offer**");

WHEREAS, Assignee has accepted the Third Party Offer within the 30-day time period set forth in the Credit Agreement;

WHEREAS, pursuant to the terms of the Third Party Offer, Assignor wishes to assign and Assignee wishes to accept Assignor's right, title, and interest in and to the Assigned IP (as defined below herein) in exchange for the payment of $[_];

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment. Assignor hereby irrevocably conveys, transfers, and assigns to Assignee all of Assignor's right, title, and interest in and to the following (the "**Assigned IP**"):

(a) the trademark registrations and applications set forth on Schedule 1 hereto and all issuances, extensions, and renewals thereof (the "**Trademarks**"), together with the goodwill of the business connected with the use of, and symbolized by, the Trademarks;

(b) all rights of any kind whatsoever of Assignor accruing under any of the foregoing provided by applicable law of any jurisdiction, by international treaties and conventions, and otherwise throughout the world;

(c) any and all royalties, fees, income, payments, and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and

(d) any and all claims and causes of action with respect to any of the foregoing, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

The parties acknowledge and agree that Assignor is selling, assigning, transferring, and conveying whatever interest Assignor has or may have in the Assigned IP, if any, without any representations or warranties of any kind.

2. Consideration. As consideration in full for the Assigned IP, Assignee shall pay Assignor a one-time fee in the amount of $[_].

3. Recordation and Further Actions. Assignor hereby authorizes the officials of corresponding entities or agencies in any applicable jurisdictions to record and register this IP Assignment Agreement upon request by Assignee. Following the date hereof, upon Assignee's reasonable request, Assignor shall take such steps and actions, and provide such cooperation and assistance to Assignee and its successors, assigns, and legal representatives, including the execution and delivery of any affidavits, declarations, oaths, exhibits, assignments, powers of attorney, or other documents, as may be reasonably necessary to effect, evidence, or perfect the assignment of the Assigned IP to Assignee, or any assignee or successor thereto.

4. Counterparts. This IP Assignment Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same agreement. A signed copy of this IP Assignment Agreement delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this IP Assignment Agreement.

5. Amendment and Modification. This IP Assignment Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto.

6. Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this IP Assignment Agreement, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this IP Assignment Agreement shall operate or be construed as a waiver thereof; and any single or partial exercise of any right, remedy, power, or privilege hereunder shall not preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

7. Successors and Assigns. This IP Assignment Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

8. Governing Law. This IP Assignment Agreement and any claim, controversy, dispute, or cause of action (whether in contract, tort, or otherwise) based upon, arising out of, or relating to this IP Assignment Agreement and the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts in the Province of Ontario.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor has duly executed and delivered this IP Assignment Agreement as of the date first above written.

ASSIGNOR: [•]

By:_____

Name:

Title:

Address for Notices:

[ACKNOWLEDGMENT

STATE OF [STATE])
)SS.
COUNTY OF [COUNTY])

On the [ORDINAL NUMBER] day of [MONTH], [YEAR], before me personally appeared [SIGNATORY NAME], personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument, who, being duly sworn, did depose and say that [he/she] executed the same [in [his/her] authorized capacity as the [SIGNATORY TITLE] of [ASSIGNEE], the [TYPE OF ENTITY] described], and acknowledged the instrument to be [[his/her] free act and deed/the free act and deed of [ASSIGNEE]] for the uses and purposes mentioned in the instrument.

_____

Notary Public

Printed Name:

My Commission Expires: [DATE]]

AGREED TO AND ACCEPTED:

ASSIGNEE: [•]

By:

Name:

Title:

Address for Notices:

[ACKNOWLEDGMENT

STATE OF [STATE])
)SS.
COUNTY OF [COUNTY])

On the [ORDINAL NUMBER] day of [MONTH], [YEAR], before me personally appeared [SIGNATORY NAME], personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument, who, being duly sworn, did depose and say that [he/she] executed the same [in [his/her] authorized capacity as the [SIGNATORY TITLE] of [ASSIGNEE], the [TYPE OF ENTITY] described], and acknowledged the instrument to be [[his/her] free act and deed/the free act and deed of [ASSIGNEE]] for the uses and purposes mentioned in the instrument.

_____

Notary Public

Printed Name:

My Commission Expires: [DATE]

SCHEDULE 1

ASSIGNED TRADEMARK REGISTRATIONS AND APPLICATIONS

TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
LIVE RESIN PROJECT	Canada	1993764	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
	Canada	1993763	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
SUPERFLUX	Canada	1993766	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS

Superflux	Canada	1993767	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
NATURAL WONDER	Canada	1993762	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
	Canada	1993765	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
LIVE RESIN PROJECT	European Union	18146035	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes

				Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
Live Resin Project	European Union	18146038	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
SUPERFLUX	European Union	18146042	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
Superflux	European Union	18146041	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana

				for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
NATURAL WONDER	European Union	18146039	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
	European Union	18146040	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils

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Section 4: EX-4.6 (EXHIBIT 4.6)

EXECUTION VERSION

SECURITY AGREEMENT

This SECURITY AGREEMENT is made and entered into as of March __, 2020, by ACREAGE IP HOLDINGS, LLC, a Nevada limited liability company (the "Grantor") and IP INVESTMENT COMPANY, LLC, a Delaware limited liability company (the "Secured Party").

W I T N E S S E T H :

WHEREAS, Acreage Finance Delaware, LLC (the "Borrower") and the Secured Party are parties to a Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") and the Grantor has given a Guaranty (the "Guaranty") of certain obligations of Borrower under the Credit Agreement. Guarantor's obligations under such Guaranty are referred to herein as the "Obligations."

WHEREAS, the Secured Party is making a loan to the Borrower as of the date hereof; and

WHEREAS, it is a condition precedent to the obligation of the Secured Party to make such loan that the Grantor shall have

executed and delivered this Security Agreement to the Secured Party.

NOW, THEREFORE, in consideration of the premises and to induce the Secured Party to make such loan, the Grantor hereby agrees with the Secured Party, as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein are so used as so defined:

"Collateral" shall mean the Trademarkss

"Trademarks" shall mean the trademark registrations and applications set forth on Schedule 1 hereto and all issuances, extensions, and renewals thereof, together with the goodwill of the business connected with the use of, and symbolized by, the Trademarks, which in each case are for use solely outside of the United States or any of its territories. For the avoidance of doubt, the term Trademarks shall not include any of the foregoing for use in the United States or any of its territories.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due of the Obligations, the Grantor hereby grants to the Secured Party, a security interest in the Collateral.

3. Representations and Warranties. The Grantor hereby represents and warrants (in addition to its representations and warranties under the Credit Agreement) that:

a. Title; No Other Liens. Except for the security interest granted to the Secured Party for the ratable benefit of the Secured Parties pursuant to this Security Agreement, the Grantor owns or has the power to transfer rights in each item of the Collateral free and clear of any and all Liens or claims of others, other than Permitted Liens.

b. Perfected First Priority Liens. The Liens granted pursuant to this Security Agreement will, upon the filing of financing statements against Grantor with the Secretary of State of Nevada, constitute a perfected security interest in the Collateral, for the ratable benefit of the Secured Parties, which are prior to all other Liens on the Collateral in existence on the date hereof, other than Permitted Liens.

c. Power and Authority; Authorization. The Grantor has the limited liability company power and authority and the legal right to execute and deliver, to perform its obligations under, and to grant the security interest on the Collateral pursuant to, this Security Agreement and has taken all necessary limited liability company action to authorize its execution, delivery and performance of, and grant of the security interest in the Collateral pursuant to, this Security Agreement.

4. Covenants. The Grantor covenants and agrees with the Secured Party that, from and after the date of this Security Agreement until the Obligations are paid in full:

a. Notices; Further Documentation; Authorization to File Financing Statements. The Grantor notifies the Secured Party in writing at any time that it acquires any type of Collateral to the extent the Secured Party will not at that time have, a perfected first priority security interest in (subject to Permitted Liens) in such Collateral. At any time and from time to time, upon the written request of the Secured Party, and at the sole expense of the Grantor, promptly execute and deliver such further instruments, agreements and documents and take such further action as the Secured Party may reasonably request for the purpose of maintaining Secured Party's security interest in the Collateral.

b. Limitation on Liens on Collateral. The Grantor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Lien on the Collateral, other than Permitted Liens.

5. Performance by Secured Party of Grantor's Obligations. If the Grantor fails to perform or comply with any of its agreements contained herein and the Secured Party, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Secured Party incurred in connection with such performance or compliance, shall be payable by the Grantor to the Secured Party within 30 days after demand therefor and shall constitute Obligations secured hereby.

6. Remedies. If any Event of Default shall occur and be continuing, all applicable notice and cure periods have expired, and all required notice and other prerequisite conditions in the Credit Agreement have been satisfied, the Grantor shall execute and deliver to the Administrative and Collateral Agent or the Lender (as set forth in the Credit Agreement) an assignment or assignments of all of the Collateral in the form of **Exhibit A** and such other documents and take such other actions as are necessary or appropriate to carry out the intent and purposes hereof. If an Event of Default shall occur and be continuing and all applicable notice and cure periods shall have expired, and all required notice and other prerequisite conditions in the Credit Agreement have been satisfied, the Secured Party may exercise all rights and remedies granted to it in the Credit Agreement.

7. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

9. No Waiver; Cumulative Remedies. The Secured Party shall by any act (except by a written instrument pursuant to Section 10 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Potential Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such holder would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

10. Waivers and Amendments; Parties Bound; Governing Law. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Grantor and the Secured Party. This Security Agreement shall be binding upon the successors and permitted assigns of the Grantor and shall inure to the benefit of the Secured Party and its permitted successors and assigns. **THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE WITHOUT REGARD TO ANY CONFLICTS OF LAWS PROVISIONS THEREOF.**

11. Notices. All notices hereunder to the Grantor or the Secured Party to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered or sent in the manner and to the respective addresses as provided in the Loan Documents.

12. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Security Agreement by facsimile or in Electronic Format is as effective as delivery of a manually executed counterpart of this Security Agreement, provided that Secured Party retains the right to require delivery of an original signature page in addition to any signature delivered via Electronic Format.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Grantor and the Secured Party have caused this Security Agreement to be duly executed and delivered as of the date first above written.

ACREAGE IP HOLDINGS, LLC

By: HIGH STREET CAPITAL PARTNERS, LLC,
a Delaware limited liability company, its sole member

By: ACREAGE HOLDINGS AMERICA, INC.,
a Nevada corporation, its sole manager

By: _____
Name: Kevin Murphy
Title: President

IP INVESTMENT COMPANY, LLC

By: _____
Name: _____
Title: _____

SCHEDULE 1

TRADEMARKS

TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
LIVE RESIN PROJECT	Canada	1993764	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
	Canada	1993763	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
SUPERFLUX	Canada	1993766	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS

Superflux	Canada	1993767	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
NATURAL WONDER	Canada	1993762	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
NATURAL WONDER	Canada	1993765	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
LIVE RESIN PROJECT	European Union	18146035	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes

				Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
Live Resin Project	European Union	18146038	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
SUPERFLUX	European Union	18146042	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
Superflux	European Union	18146041	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana

				for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
NATURAL WONDER	European Union	18146039	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
	European Union	18146040	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils

EXHIBIT A

INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT ("**IP Assignment Agreement**"), dated as of [•], is made by [•] ("**Assignor**") in favor of [•] ("**Assignee**").

WHEREAS, Acreage Finance Delaware, LLC ("**Acreage Finance**"), Acreage IP Holdings, LLC, Prime Wellness of Connecticut, LLC, D&B Wellness of Connecticut, LLC, Thames Valley Apothecary, LLC, and IP Investment Company, LLC, as Lender, Administrative Agent and Collateral Agent ("**Administrative and Collateral Agent**") have entered into a Credit Agreement, dated as of March [_], 2020 (the "**Credit Agreement**");

WHEREAS, pursuant to the Credit Agreement, upon an Event of Default (as defined in the Credit Agreement) and a declaration that all Obligations (as defined in the Credit Agreement) are immediately due and payable, the Administrative and Collateral Agent, on behalf of Assignor, has provided Assignee with a written offer to sell, transfer, and assign Assignee all of the Assigned IP (as defined below) in exchange for the payment of $[_] (the "**Third Party Offer**");

WHEREAS, Assignee has accepted the Third Party Offer within the 30-day time period set forth in the Credit Agreement;

WHEREAS, pursuant to the terms of the Third Party Offer, Assignor wishes to assign and Assignee wishes to accept Assignor's right, title, and interest in and to the Assigned IP (as defined below herein) in exchange for the payment of $[_];

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment. Assignor hereby irrevocably conveys, transfers, and assigns to Assignee all of Assignor's right, title, and interest in and to the following (the "**Assigned IP**"):

a. the trademark registrations and applications set forth on Schedule 1 hereto and all issuances, extensions, and renewals thereof (the "**Trademarks**"), together with the goodwill of the business connected with the use of, and symbolized by, the Trademarks;

b. all rights of any kind whatsoever of Assignor accruing under any of the foregoing provided by applicable law of any jurisdiction, by international treaties and conventions, and otherwise throughout the world;

c. any and all royalties, fees, income, payments, and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and

d. any and all claims and causes of action with respect to any of the foregoing, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse,

breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

The parties acknowledge and agree that Assignor is selling, assigning, transferring, and conveying whatever interest Assignor has or may have in the Assigned IP, if any, without any representations or warranties of any kind.

2. Consideration. As consideration in full for the Assigned IP, Assignee shall pay Assignor a one-time fee in the amount of $[_].

3. Recordation and Further Actions. Assignor hereby authorizes the officials of corresponding entities or agencies in any applicable jurisdictions to record and register this IP Assignment Agreement upon request by Assignee. Following the date hereof, upon Assignee's reasonable request, Assignor shall take such steps and actions, and provide such cooperation and assistance to Assignee and its successors, assigns, and legal representatives, including the execution and delivery of any affidavits, declarations, oaths, exhibits, assignments, powers of attorney, or other documents, as may be reasonably necessary to effect, evidence, or perfect the assignment of the Assigned IP to Assignee, or any assignee or successor thereto.

4. Counterparts. This IP Assignment Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same agreement. A signed copy of this IP Assignment Agreement delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this IP Assignment Agreement.

5. Amendment and Modification. This IP Assignment Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto.

6. Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this IP Assignment Agreement, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this IP Assignment Agreement shall operate or be construed as a waiver thereof; and any single or partial exercise of any right, remedy, power, or privilege hereunder shall not preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

7. Successors and Assigns. This IP Assignment Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

8. Governing Law. This IP Assignment Agreement and any claim, controversy, dispute, or cause of action (whether in contract, tort, or otherwise) based upon, arising out of, or relating to this IP Assignment Agreement and the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts in the Province of Ontario.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor has duly executed and delivered this IP Assignment Agreement as of the date first above written.

ASSIGNOR: [•]

By: _____
Name:
Title:
Address for Notices:

[ACKNOWLEDGMENT

STATE OF [STATE])
)SS.
COUNTY OF [COUNTY])

On the [ORDINAL NUMBER] day of [MONTH], [YEAR], before me personally appeared [SIGNATORY NAME], personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument, who, being duly sworn, did depose and say that [he/she] executed the same [in [his/her] authorized capacity as the [SIGNATORY TITLE] of [ASSIGNEE], the [TYPE OF ENTITY] described], and acknowledged the instrument to be [[his/her] free act and deed/the free act and deed of [ASSIGNEE]] for the uses and purposes mentioned in the instrument.

My Commission Expires: [DATE]]

_____
Notary Public
Printed Name:

AGREED TO AND ACCEPTED:

ASSIGNEE: [•]

By: _____
Name:
Title:
Address for Notices:

[ACKNOWLEDGMENT

STATE OF [STATE])
)SS.
COUNTY OF [COUNTY])

On the [ORDINAL NUMBER] day of [MONTH], [YEAR], before me personally appeared [SIGNATORY NAME], personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument, who, being duly sworn, did depose and say that [he/she] executed the same [in [his/her] authorized capacity as the [SIGNATORY TITLE] of [ASSIGNEE], the [TYPE OF ENTITY] described], and acknowledged the instrument to be [[his/her] free act and deed/the free act and deed of [ASSIGNEE]] for the uses and purposes mentioned in the instrument.

My Commission Expires: [DATE]

_____
Notary Public
Printed Name:

SCHEDULE 1

ASSIGNED TRADEMARK REGISTRATIONS AND APPLICATIONS

TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
LIVE RESIN PROJECT	Canada	1993764	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
	Canada	1993763	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
SUPERFLUX	Canada	1993766	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS

Superflux	Canada	1993767	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
NATURAL WONDER	Canada	1993762	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
	Canada	1993765	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
LIVE RESIN PROJECT	European Union	18146035	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes

				Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
Live Resin Project	European Union	18146038	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
SUPERFLUX	European Union	18146042	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
TRADEMARK	JURISDICTION	APPLICATION NO.	FILING DATE	GOODS
Superflux	European Union	18146041	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana

				for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
NATURAL WONDER	European Union	18146039	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils
	European Union	18146040	November 1, 2019	Class 5: Medical marijuana; Cannabis for medical purposes Class 34: Recreational cannabis and marijuana; cannabis and marijuana for smoking purposes; cannabis extracts, cannabis concentrates, cannabis oils, cannabis tinctures for smoking purposes; derivatives of cannabis, namely resins and oils

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Section 5: EX-4.7 (EXHIBIT 4.7)

EXECUTION VERSION

GUARANTY

1. The Guaranty. For valuable consideration, Acreage IP Holdings, LLC, a Nevada limited liability company (the "**Guarantor**") hereby guarantees and promises to pay promptly to IP Investment Company, LLC (the "**Lender**") in lawful money of the United States, the Obligations (as that term is defined in the Credit Agreement hereinafter referred to) of Acreage Finance Delaware, LLC, a Delaware limited liability company ("**Borrower**"), to Lender under the Credit Agreement among the Borrower, the undersigned and the Lender (the "**Credit Agreement**"), dated as of March __, 2020 and the Credit Documents when due, whether at stated maturity, upon acceleration or otherwise.

This Guaranty is secured by a Security Agreement dated as of even date herewith executed by Guarantor (the "Security Agreement").

It is acknowledged and confirmed that Guarantor has made certain representations, and given certain covenants in favor of the Lender, and all of such representations and covenants are hereby reaffirmed.

All terms not defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. Obligations Independent. The obligations of Guarantor under this Guaranty are independent of the obligations of Borrower, and a separate action or actions may be brought and prosecuted against Guarantor, whether or not action is brought against Borrower.

3. Rights of Lender. Guarantor authorizes Lender, without notice or demand and without affecting its liability hereunder, from time

to time to renew, compromise, extend, accelerate, or otherwise change the time for payment, or otherwise change the terms, of the Obligations or any part thereof, including increase or decrease of the rate of interest, or otherwise change the terms of any Credit Documents.

4. Guaranty to be Absolute. Guarantor agrees that until the Obligations have been paid or satisfied in full, Guarantor shall not be released by or because of the taking of, or failure to take, any action that might in any manner vary, discharge or otherwise reduce, limit, or modify Guarantor's obligations under this Guaranty.

5. Waivers of Certain Rights and Certain Defenses. Guarantor waives:

5.1 any right to require the Lender to:

(a) proceed against Borrower or any other person;

(b) take any other action or pursue any other remedy in Lender' power; or

(c) make any presentment or demand for performance, or give any notice of nonperformance, acceleration, protest, notice of protest or notice of dishonor hereunder or in connection with any obligations or evidences of Obligations held by Lender as security for

or which constitute in whole or in part the Obligations guaranteed hereunder, or in connection with the creation of new or additional Obligations, or give any notice of acceptance of this Guaranty, or notices of any fact that might increase such Guarantor's risk; or

5.2 any defense to its obligations under this Guaranty based upon or arising by reason of:

(a) any disability or other defense of Borrower or any other person;

(b) the cessation or limitation from any cause whatsoever, other than payment in full, of the Obligations of Borrower or any other person;

(c) any modification of the Obligations, in any form whatsoever, including any modification made after revocation hereof to any Obligations incurred prior to such revocation, and including, without limitation, the renewal, extension, acceleration or other change in time for payment of, or other change in the terms of, the Obligations, including increase or decrease of the rate of interest; or

(d) any other matter, event or circumstance which could provide a defense to any Guarantor's obligations hereunder, except (i) payment or satisfaction in full of the Obligations, and (ii) as provided in Section 7 hereof.

6. Information Relating to Borrower. Guarantor acknowledges and agrees that it has made such independent examination, review, and investigation of the Borrower and the Credit Documents as Guarantor deems necessary and appropriate, and shall have sole responsibility to obtain from Borrower any information required by Guarantor about any modifications to the Credit Documents. Guarantor further acknowledges that Lender have no duty, and Guarantor is not relying on Lender, at any time to disclose to Guarantor any information relating to the business operations or financial condition of Borrower.

7. Remedies. If Guarantor (a) fails to fulfill its duty to pay all Obligations guaranteed hereunder at the time when such Obligations is required to be paid or (b) shall breach or fail to comply with any term or provision of this Guaranty and such breach or failure is not cured within fifteen days after such breach, Lender may enforce its rights and remedies under the Security Agreement. Notwithstanding anything to the contrary contained in this Guaranty or any of the other Credit Documents, except as set forth in Section 8.3(i) of the Credit Agreement, the recourse of the Lender against Guarantor and its assets shall be limited to the security interest in the Collateral. Guarantor shall not be liable for any deficiency if such recourse does not result in payment in full of the Obligations.

8. Successors and Assigns. This Guaranty (a) binds Guarantor and Guarantor's successors and assigns, and (ii) no Guarantor may assign its rights or delegate any of its obligations under this Guaranty without the prior written consent of Lender, and (b) inures to the benefit of Lender and Lender's indorsees, successors, and assigns. Lender may, without notice to any Guarantor and without affecting Guarantor's obligations, assign any of its rights hereunder; provided, however, that Guarantor's consent thereto shall be required at such time as no Event of Default has occurred and is continuing.

9. Amendments, Waivers, and Severability. No provision of this Guaranty may be amended or waived except in writing. No failure by Lender to exercise, and no delay in exercising, any of its rights, remedies, or powers shall operate as a waiver of such rights, remedies or powers, and no single or partial exercise of any such right, remedy or power shall preclude any other or further exercise thereof or the exercise of any other right, remedy or power. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision of this Guaranty.

10. Costs and Expenses. Guarantor agrees to pay all reasonable attorneys' fees and all other costs and expenses that may be incurred by Lender in the enforcement of this Guaranty.

11. Governing Law; Jurisdiction; Waiver of Jury Trial. This Guaranty shall be governed and interpreted according to the laws of the State of New York, without regard to any choice of law, rules or principles to the contrary, and the courts of the State of New York and the federal courts sitting in the County and City of New York shall have jurisdiction over disputes arising under this Agreement. The parties waive any right they may have to trial by jury.Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of Lender under federal law.

The signature page follows this page.

IN WITNESS WHEREOF AND INTENDING TO BE LEGALLY BOUND, the undersigned has caused this Guaranty to be executed as of March 11, 2020.

ACREAGE IP HOLDINGS, LLC,
A Nevada limited liability company

By: HIGH STREET CAPITAL PARTNERS, LLC,
a Delaware limited liability company, its sole member

By: ACREAGE HOLDINGS AMERICA, INC.,
a Nevada corporation, its sole manager

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: President

IP INVESTMENT COMPANY, LLC,
a Delaware limited liability company

By: /s/ Kevin Murray
Name: Kevin Murray
Title: Manager

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Section 6: EX-4.8 (EXHIBIT 4.8)

SECOND AMENDING AGREEMENT

THIS SECOND AMENDING AGREEMENT is made as of the 6th day of March, 2020.

AMONG:

HSCP CN HOLDINGS ULC
as Borrower

OF THE FIRST PART

- and -

ACREAGE FINANCE DELAWARE, LLC
as Guarantor

OF THE SECOND PART

- and -

[Redacted - Lender's name] and the other persons who become Lenders pursuant to the terms of the Credit

Agreement
as Lenders

OF THE THIRD PART

- and -

[Redacted - Agent's name]
as Administrative Agent

OF THE FOURTH PART

WHEREAS the Borrower, the Guarantor, the Administrative Agent and the Lenders entered into the Credit Agreement;

AND WHEREAS the Borrower, the Guarantor, the Administrative Agent and the Lenders wish to enter into this Second Amending Agreement to set forth certain amendments to the Credit Agreement and to otherwise confirm the provisions of Amended Credit Agreement;

NOW THEREFORE THIS SECOND AMENDING AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged by each of the Parties hereto, the Parties hereto covenant and agree as follows:

1. **Definitions.** All capitalized terms used in this Second Amending Agreement shall, unless otherwise defined herein, have the meanings herein given to them in the Credit Agreement, and:

"**Amended Credit Agreement**" means the Credit Agreement, as amended by this Second Amending Agreement, and as it may hereafter be further amended from time to time.

"**Credit Agreement**" means the credit agreement dated as of February 7, 2020 among the Borrower, the Guarantor, the Administrative Agent and the Lenders, as amended by a first amending agreement dated as of February 28, 2020.

"**Parties**" means the parties which are signatories to this Second Amending Agreement.

"**Second Amending Agreement**" means this second amending agreement.

2. **Amendments to the Credit Agreement.** Effective as of the date of this Second Amending Agreement, but subject to the satisfaction by the Credit Parties of the conditions set forth in Section 3, the Credit Agreement is amended as follows:

(a) Section 1.1 of the Credit Agreement is amended by:

(i) the definition of "**Applicable Law**" is deleted in its entirety and replaced with the following:

> ""**Applicable Law**" means, (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, determination, decision, ruling, decree or award; (c) any regulatory or stock exchange policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the Assets of such Person, in each case whether or not having the force of law, provided that, unless specifically included, the Federal Cannabis Laws are specifically excluded."

(ii) deleting the reference in the definition of "**Drawdown Period**" to "24th" and replacing it with "34th";

(iii) adding "and the OID Fee" immediately after "Set-Up Fee" in the definition of "**Fees**";

(iv) the definition of "**IP Credit Agreement**" is deleted in its entirety and replaced with the following:

> ""**IP Credit Agreement**" means the credit agreement dated after the date hereof among the Guarantor, as borrower, Acreage IP Holdings, LLC, Prime Wellness of Connecticut, LLC, D&B Wellness, LLC and Thames Valley Apothecary, LLC, as guarantors, IP Investment Company, LLC, as lender, administrative agent and collateral agent, as may be amended, modified, supplemented or restated from time to time."

(v) adding the following definition in its proper alphabetical order:

> **"Federal Cannabis Laws"** means the *Controlled Substances Act*, 21 USC 801 et seq. as it applies to marijuana (including any implementing regulations and schedules in effect at the relevant time) or any other U.S. federal law the violation of which is predicated upon a violation of the *Controlled Substances Act* as it applies to marijuana.
>
> **"Fourth Advance"** has the meaning specified in Section 3.1(d).
>
> **"OID Fee"** has the meaning specified in Section 2.9(2).
>
> **"SPV Parties"** has the meaning specified in Section 6.3.

(b) Section 2.9 of the Credit Agreement is deleted in its entirety and replaced with the following:

"(1) The Borrower shall pay to the Administrative Agent the following set-up fees (collectively, the "**Set-Up Fees**"):

(a) an amount equal to 2.00% of the First Advance on the Closing Date;

(b) an amount equal to 0.25% of the Second Advance on the date on which the Second Advance is made;

(c) an amount equal to 0.50% of the Third Advance on the date on which the Second Advance is made; and

(d) such fee on the Fourth Advance that is agreed to between the Borrower and the Administrative Agent pursuant to Section 4.3(1)(h)(i).

(2) The Borrower shall pay the Administrative Agent a fee of US$250,000 (the "**OID Fee**") fee which amount shall be fully earned at the time the Third Advance is made and shall be payable on the earlier of the Maturity Date and the date on which the Aggregate Principal Amount is repaid in full. The Borrower hereby authorizes the Administrative Agent to retain US$250,000 from the Third Advance in order to pay the OID Fee when it becomes due and payable and the Borrower shall not pay interest on such retained US$250,000."

(c) Section 3.1 of the Credit Agreement is deleted in its entirety and replaced with the following:

"Each Lender severally agrees, on the terms and conditions of this Agreement, to make Advances to the Borrower under the Credit Facility from time to time on any Business Day during the Drawdown Period as follows:

(a) an Advance of $21,000,000 on the Closing Date (the "**First Advance**");

(b) an Advance of $27,000,000 on a date that is not later than the tenth day after the Closing Date (the "**Second Advance**");

(c) an Advance in an amount up to the remaining amount of the Commitment at such time subject to compliance with Section 6.1(j)(i)(A) (taking into account such Advance) as requested by the Borrower in writing (the "**Third Advance**"); and

(d) an Advance in an amount up to the remaining amount of the Commitment at such time subject to compliance with Section 6.1(j)(i)(A) (taking into account such Advance) as requested by the Borrower in writing (the "**Fourth Advance**")."

(d) Section 3.4(1) of the Credit Agreement is deleted in its entirety and replaced with the following:

"The Borrower shall pay interest on the unpaid principal amount of each Advance from the date of such Advance until the principal amount of such Advance is repaid in full, as follows:

(a) 3.55% per annum on the principal amount of the First Advance;

(b) 1.85% per annum on the principal amount of the Second Advance;

(c) 1.55% per annum on the principal amount of the Third Advance; and

(d) a per annum interest rate to be agreed between the Borrower and the Lenders on the principal amounts of the Fourth Advance pursuant to Section 4.3(1)(h)(i)."

(e) Section 4.2(b) of the Credit Agreement is amended by adding "(including any Federal Cannabis Law)" after "Applicable Law" and before the ";";

(f) Section 4.3(1)(d) of the Credit Agreement is amended by adding "(including any Federal Cannabis Law)" after "Applicable Law" and before the ";";

(g) Section 4.3(1)(g) of the Credit Agreement is amended by:

(i) deleting "with respect to the Second Advance" and replacing it with "with respect to each of the Second Advance and the Third Advance"; and

(ii) deleting the "and" at the end of the subparagraph (i), adding an "and" at the end of subparagraph (ii) and adding the following new subparagraph (iii):

"(iii) a certified copy of the Second Advance Security Documents (as defined in the IP Credit Agreement);"

(h) Section 4.3(1)(h) of the Credit Agreement is amended by:

(i) deleting the reference to "with respect to the Third Advance" and replacing it with "with respect to the Fourth Advance"; and

(ii) deleting the "and" at the end of the subparagraph (ii), adding an "and" at the end of subparagraph (iii) and adding the following new subparagraph (iv):

"(iv) a certified copy of the Subsequent Advance Security Documents (as defined in the IP Credit Agreement)."

(i) Section 5.1(c) of the Credit Agreement is amended by adding "(including any Federal Cannabis Law)" after "Applicable Law" and before the ",";

(j) Section 5.1(h)(ii)(iii) of the Credit Agreement is amended by adding "(except for Equity Securities in the Parent acquired pursuant to the IP Credit Agreement) after "Person" and before the ";";

(k) Section 5.1(i) of the Credit Agreement is amended by adding "(including, with respect to each of the Credit Parties only, all Federal Cannabis Laws)" after "Applicable Laws" and before "except";

(l) Section 5.1(w) of the Credit Agreement is amended by deleting the second last sentence and replacing it with the following:

"None of the Obligations and none of the other amounts payable under the Credit Agreement will be paid by any of the Credit Parties with any property or proceeds of any property that was obtained or derived directly or indirectly: (x) as a result of an act or omission anywhere that, if it had occurred in Canada, would have constituted a designated offence (as defined in section 462.31(1) of the Criminal Code); or (y) in contravention of any Federal Cannabis Law."

(m) Section 6.1(f) of the Credit Agreement is amended by adding "(including, with respect to each of the Credit Parties only, all Federal Cannabis Laws)" after each reference to "Applicable Laws" and before "except" or "would", as applicable;

(n) Section 6.2(i) of the Credit Agreement is amended by deleting the second last sentence and replacing it with the following:

"**Anti-Terrorism Laws.** Pay or cause to be paid all Obligations and other amounts payable under the Credit Documents with any property or proceeds of any property that was obtained or derived directly or indirectly: (x) as a result of an act or omission anywhere that, if it had occurred in Canada, would have constituted a designated offence (as defined in section 462.31(1) of the Criminal Code); or (y) in contravention of any Federal Cannabis Law."

(o) Section 6.3 of the Credit Agreement is hereby deleted in its entirety and replaced by the following:

"Each of Borrower and the Guarantor (the "**SPV Parties**" and each an "**SPV Party**") hereby represents, warrants and covenants, as of the date hereof and continuing (except with respects to statements expressly made as of the date hereof) until such time as the Obligations are paid in full, that such SPV Party:

(a) has not and shall not engage in any business or activity other than the transactions contemplated by this Agreement and the IP Credit Documents;

(b) has not and shall not acquire or own any Assets other than (A) the Restricted Account and the Restricted Account Collateral and (B) such incidental personal property as may be necessary for the ownership of the foregoing;

(c) has not and shall not (i) liquidate or dissolve (or suffer any liquidation or dissolution), terminate, or otherwise dispose of, directly, indirectly or by operation of law, all or substantially all of its Assets; (ii) reorganize or change its legal structure without the Administrative Agent's prior written consent; (iii) change its name, address or the name under which such SPV Party conducts its business without promptly notifying the Administrative Agent; (iv) enter into or consummate any merger, amalgamation, consolidation, sale, transfer, assignment, liquidation or dissolution involving any or all of the Assets of such SPV Party or any managing member of such SPV Party; or (v) enter into or consummate any transaction or acquisition, merger, amalgamation or consolidation or otherwise acquire by purchase or otherwise all or any portion of the business or Assets of, or any Equity Securities or other evidence of beneficial ownership of, any Person;

(d) has not incurred and shall not incur any secured or unsecured debt except for the debt and guarantees contemplated by this Agreement and the IP Credit Documents, as in effect on the date hereof;

(e) has not and shall not, nor shall any member, partner (whether limited or general) or shareholder thereof, as applicable, or any other party, amend, modify or otherwise change its partnership certificate, partnership agreement, articles of incorporation, by-laws, operating agreement, articles of organization or other formation agreement or document, as applicable, or governing agreement or document, in any material term or manner, or in a manner which adversely affects such SPV Party's existence as a single purpose entity or such SPV Party's compliance with this Section 6.3(e);

(f) such SPV Party shall utilize and maintain its own separate stationery, invoices and checks bearing its own name;

(g) has and shall maintain its own separate bank accounts and correct, complete and separate books of account;

(h) has and shall file or cause to be filed its own separate tax returns;

(i) has and shall hold itself out to the public (including any of its Affiliates' creditors) under such SPV Party's own name and as a separate and distinct entity and not as a department, division or otherwise of any Affiliate of same;

(j) has and shall observe all customary formalities regarding the existence of such SPV Party, including holding meetings and maintaining current and accurate minute books separate from those of any Affiliate of same;

(k) has and shall hold title to its Assets in its own name and act solely in its own name and through its own duly authorized officers and agents. No Affiliate of same shall be appointed or act as agent of such SPV Party;

(l) except as expressly contemplated by this Agreement or the IP Credit Documents, has not and shall not guarantee or otherwise agree to be liable for (whether conditionally or unconditionally), pledge or assume or hold itself out or permit itself to be held out as having guaranteed, pledged or assumed any liabilities or obligations of any partner (whether limited or general), member, shareholder or any Affiliate of such SPV Party, as applicable, or any other party, nor shall it make any loans;

(m) has and shall at all times been, is now and as of the date hereof intends to remain Solvent;

(n) has and shall separately identify, maintain and segregate its Assets. Such SPV Party's Assets shall at all times be held by or on behalf of such SPV Party and, if held on behalf of SPV Party by another entity, shall at all times be kept identifiable (in accordance with customary usages) as Assets owned by such SPV Party. This restriction requires, among other things, that (i) such SPV Party's funds shall be deposited or invested in such SPV Party's name, (ii) such SPV Party's funds shall not be commingled with the funds of any Affiliate of same or any other Person, (iii) such SPV Party shall maintain all accounts in its own name and with its own tax identification number, separate from those of any Affiliate of same or any other Person, and (iv) such SPV Party funds shall be used only for the business of such SPV Party;

(o) has and shall maintain its Assets in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual Assets from those of any Affiliate of same or other person or entity;

(p) has and shall pay or cause to be paid its own liabilities and expenses of any kind only out of its own separate funds and Assets;

(q) has not and shall not invest any of such SPV Party's funds in securities issued by, nor shall such SPV Party acquire the indebtedness or obligation of, any Affiliate of same;

(r) has and shall maintain an arm's length relationship with each of its Affiliates and may not enter into contracts or transact business with its Affiliates other than on commercially reasonable terms that are no less favorable to such SPV Party than is obtainable in the market from a Person or entity that is not an Affiliate of same;

(s) has and shall correct any misunderstanding that is known by such SPV Party regarding its name or separate identity; and

(t) shall not, without the prior written vote of one hundred percent (100%) of its partners, members, or shareholders, as applicable, institute proceedings to be adjudicated bankrupt or insolvent; or consent to the institution of bankruptcy or

insolvency proceedings against it; or file a petition seeking, or consent to, reorganization or relief under any applicable foreign, federal, state or provincial law relating to bankruptcy; or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of such SPV Party or a substantial part of such SPV Party's property; or make any assignment for the benefit of creditors; or admit in writing its inability to pay its debts generally as they become due or declare or effectuate a moratorium on payments of its obligation; or take any action in furtherance of any such action.

(p) Sections 8.1(d), (e) and (f) of the Credit Agreement are amended by deleting each of the references to "the Borrower" and replacing them with "any Credit Party"; and

(q) Section 8.1(g) of the Credit Agreement is amended by deleting each of the references to "Canopy Offer" and replacing them with "Third Party Offer".

3. **Conditions Precedent.** The amendments to the Credit Agreement set forth in Section 2 of this Second Amending Agreement shall be effective upon the following conditions having been fulfilled to the satisfaction of the Administrative Agent on behalf of the Lenders:

(a) the Administrative Agent shall have received a fully executed copy of this Second Amending Agreement; and

(b) the Borrower shall have paid to the Administrative Agent, on behalf of the Lenders, an amendment fee equal to US$275,000.

4. **Representations and Warranties.** To confirm each Lender's understanding concerning each Credit Party and its business, properties and obligations, and to induce the Administrative Agent and each Lender to enter into this Second Amending Agreement, each Credit Party jointly and severally hereby reaffirms to the Administrative Agent and each Lender that, as of the date of this Second Amending Agreement, its representations and warranties contained in Section 5.1 of the Credit Agreement, as amended by this Second Amending Agreement, and except to the extent such representations and warranties relate solely to an earlier date, are true and correct in all material respects (provided that any such representations and warranties which are already qualified by materiality, material adverse effect or similar language shall be true and correct in all respects) and additionally represents and warrants as follows on the date of this Second Amending Agreement:

(a) all necessary action has been taken to authorize the execution, delivery and performance of this Second Amending Agreement;

(b) this Second Amending Agreement has been duly executed and delivered by each of the Credit Parties and constitutes legal, valid and binding obligations of each of the Credit Parties enforceable against them in accordance with its terms, subject only to any limitation under Applicable Laws relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies;

(c) the execution and delivery by each of the Credit Parties and the performance by each of them of their respective obligations under this Second Amending Agreement will not conflict with or result in a breach of any of the terms or conditions of their respective constating documents or by-laws, any Applicable Law or any contractual restriction binding on or affecting them or their respective Assets;

(d) no Default or Event of Default exists under the Credit Agreement; and

(e) the Amended Credit Agreement and each of the other Credit Documents remains in full force and effect, unamended, and are enforceable against each of the Credit Parties, in each case, to the extent party thereto in accordance with their respective terms, subject only to

any limitation under Applicable Laws relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies.

5. **Confirmations.** Each of the Parties acknowledges and agrees that the Credit Agreement, as amended by this Second Amending Agreement, and all other Credit Documents are and will continue to be in full force and effect, and are hereby ratified and confirmed, and the rights and obligations of all Parties thereunder will not be affected in any manner by the provisions of this Second Amending Agreement, except as expressly provided in Section 2 of this Second Amending Agreement.

6. **Credit Document.** This Second Amending Agreement constitutes a Credit Document.

7. **Governing Law.**

(a) This Second Amending Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in that Province.

(b) The Credit Parties irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Alberta sitting in Calgary, Alberta in any action or proceeding arising out of or relating to this Second Amending Agreement. Each Credit Party irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section limits the right of the Administrative Agent to bring proceedings against any Credit Party in the courts of any other jurisdiction.

8. **Further Assurances.** The Credit Parties will from time to time forthwith, at the Administrative Agent's request and at the Borrower's own cost and expense, do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, manners and things which may be reasonably required by the Administrative Agent and are consistent with the intention of the Parties as evidenced herein, with respect to all matters arising under this Second Amending Agreement or the Amended Credit Agreement.

9. **Expenses.** Without in any way limiting the provisions of Section 10.5 of the Credit Agreement, the Borrower will be liable for all expenses of the Administrative Agent and the Lenders, including legal fees and other out-of-pocket expenses, in connection with the negotiation, preparation, execution and delivery of this Second Amending Agreement.

10. **Counterparts.** This Second Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the Parties have caused this Second Amending Agreement to be duly executed by their respective authorized officers as of the date and year above written.

BORROWER:

HSCP CN HOLDINGS ULC

By: "*Kevin Murphy*"
Name: Kevin Murphy
Title: Director & President

GUARANTOR:

ACREAGE FINANCE DELAWARE, LLC

By: "*Kevin Murphy*"
Name: Kevin Murphy
Title: Manager

ADMINISTRATIVE AGENT:

[Redacted - Agent's name]

By: _____
Name:
Title:

LENDER:

[Redacted - Lender's name]

By: _____
Name:
Title:

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Section 7: EX-4.9 (EXHIBIT 4.9)

ACREAGE HOLDINGS, INC.
(the "Company")

Description of Registrant's Securities Registered
Pursuant to Section 12 of the Exchange Act of 1934

The following summarizes general terms and provisions that apply to the Class A Subordinate Voting Shares (the "**Subordinate Voting Shares**") of the Company as of December 31, 2019. The summary of the general terms and provisions of the Subordinate Voting Shares set forth below does not purport to be complete and is subject to and qualified by reference to the Company's Articles of Incorporation ("**Articles**"), which is incorporated by reference as an exhibit to the Annual Report on Form 10-K. For additional information, please read the Articles and the applicable provisions of the *Business Corporations Act* (Ontario).

Per the Company's Articles, the Company is authorized to issue an unlimited number of Subordinate Voting Shares, without nominal or par value, an unlimited number of Proportionate Voting Shares and an unlimited number of Multiple Voting Shares.

Class A Subordinate Voting Shares

Holders of Subordinate Voting Shares are entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held.

As long as any Subordinate Voting Shares remain outstanding, the Company may not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, alter or amend its Articles if the result would prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

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, provided that at any particular time in the period from the Effective Date as defined in the Arrangement Agreement between the Company and Canopy Growth Corporation dated May 15, 2019 (the "**Plan of Arrangement**") until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Subordinate Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the Exchange Ratio (as defined in the Plan of Arrangement). 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: (x) 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 40; and (y) 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 Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares are 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 40; and (ii) the amount of such distribution per Multiple Voting Share.

Holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of shares, or bonds, debentures or other securities of the Company.

There may no subdivision or consolidation of the Subordinate Voting Shares unless, simultaneously, the Proportionate Voting Shares and Multiple Voting Shares are subdivided or consolidated utilizing the same divisor or multiplier.

Proportionate Voting Shares

Holders of Proportionate Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of Proportionate Voting Shares are entitled to 40 votes in respect of each Proportionate Voting Share held.

As long as any Proportionate Voting Shares remain outstanding, the Company may not, without the consent of the holders of the Proportionate Voting Shares and Multiple Voting Shares by separate special resolution, alter or amend its Articles if the result would be to 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 is 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 has one vote in respect of each Proportionate Voting Share held.

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 among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares are entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Multiple Voting Shares in an amount equal to the amount of such distribution per Subordinate Voting Share and Multiple Voting Share, multiplied by 40.

No dividend may be declared on the Proportionate Voting Shares unless the Company simultaneously declares dividends on the Subordinate Voting Shares in an amount equal to the dividend declared per Proportionate Voting Shares divided by 40, and on the Multiple Voting Shares in an amount equal to the dividend declared per Proportionate Voting Share divided by 40.

There may be no subdivision or consolidation of the Proportionate Voting Shares unless, simultaneously, the Subordinate Voting Shares and Multiple Voting Shares are subdivided or consolidated using the same divisor or multiplier.

Each Proportionate Voting Share is convertible, at the option of the holder thereof, into 40 Subordinate Voting Shares. The ability to convert the Proportionate Voting Shares and Multiple 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 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.

Notwithstanding anything to the contrary, the Company shall require, in accordance with the Plan of Arrangement, each holder of Proportionate Voting Shares to convert all, and not less than all, of the Proportionate Voting Shares on the Acquisition Date. Each Proportionate Voting Share shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares by 40. Fractions of Proportionate Voting Shares shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 40.

Multiple Voting Shares

Holders of Multiple Voting Shares are entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote.

Multiple Voting Shares provide voting control of the Company to Kevin Murphy, the Company's Chief Executive Officer and President. As long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, alter or amend its Articles if the

result would be to prejudice or interfere with any right or special right attached to the Multiple Voting Shares, or 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 in the Articles. Consent of the holders of a majority of the outstanding Multiple Voting Shares is required for any action that authorizes or creates shares of any class or series 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 has one vote in respect of each Multiple Voting Share held.

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 among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares are entitled to participate *pari passu* with the holders of Proportionate Voting Shares and Subordinate Voting Shares, in an amount equal to: (i) the amount of such distribution per Proportionate Voting Share, divided by 40; and (ii) the amount of such distribution per Subordinate Voting Share.

No dividend may be declared on the Multiple Voting Shares unless the Company simultaneously declares dividends: (i) on the Subordinate Voting Shares, in an amount equal to 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 40.

There may be no subdivision or consolidation of the Multiple Voting Shares unless, simultaneously, the Subordinate Voting Shares and Proportionate Voting Shares are subdivided or consolidated utilizing the same divisor or multiplier.

Each Multiple Voting Share is convertible, at the option of the holder, into one Subordinate Voting Share. Each Multiple Voting Share will 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 percent (50%) of the aggregate number of Multiple Voting Shares held by such holder together with its affiliates on the date of completion of the Transaction (defined as the High Street Capital Partners, LLC ("**High Street**") reverse take-over of Applied Inventions Management, Inc.), (ii) the aggregate number of units of High Street ("**High Street Units**") held by the holder of Multiple Voting Shares together with its affiliates are reduced to a number which is less than fifty percent (50%) of the aggregate number of High Street units held by such holder together with its affiliates on the date of completion of the Transaction and (iii) is five (5) years following completion of the Transaction.

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 (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 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. If the Subordinate Voting Share Conversion Right is exercised, the Company 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. If the holder withdraws such Proportionate Voting Shares from deposit under the Offer, or the Offer is abandoned, withdrawn or terminated by the offeror, or the Offer expires without the offeror taking up and paying for the Proportionate Voting Shares, then the Proportionate Voting Shares acquired upon conversion shall automatically reconvert to Subordinate Voting Shares on the basis of 40 Subordinate Voting Shares for one Proportionate Voting Share, without further action on the part of the holder.

Coattail Agreement

The Company, Odyssey Trust Company, as trustee for the benefit of the holders of Subordinate Voting Shares (in such capacity, the "**Trustee**"), Mr. Murphy and Murphy Capital, LLC (together, the "**MVS Shareholders**") have entered into a coattail agreement dated November 14, 2018 (the "**Coattail Agreement**") under which the MVS Shareholders, as the only holders of Multiple Voting Shares, and holders of High Street Units, are prohibited from selling, directly or indirectly, any Multiple Voting Shares or High Street Units pursuant to a takeover bid, if applicable securities legislation would have required the same offer to be made to holders of Subordinate Voting Shares ("**SVS Shareholders**") had the sale been a sale of Subordinate Voting Shares rather than Multiple Voting Shares or High Street Units. The prohibition does not apply if a concurrent offer is made to purchase Subordinate Voting Shares if: (i) the price per Subordinate Voting Share under such concurrent offer is at least as high as the price to be paid for the Multiple Voting Shares or High Street Units, assuming their conversion to Subordinate Voting Shares; (ii) the percentage of Subordinate Voting Shares to be taken up under such concurrent offer is at least as high as the percentage of Multiple Voting Shares or High Street Units to be sold; (iii) such concurrent offer is unconditional, other than the right not to take up and pay for any Subordinate Voting Shares tendered if no Multiple Voting Shares or High Street Units are purchased; and (iv) such concurrent offer is in all other material respects identical to the offer for Multiple Voting Shares or High Street Units. The Coattail Agreement does not apply to prevent the sale or transfer of High Street Units to Mr. Murphy and members of his immediate family, or a person or company controlled by Mr. Murphy or a member of his immediate family. If SVS Shareholders representing not less than 10% of the then outstanding Subordinate Voting Shares determine that the MVS Shareholders or the Company have breached or intend to breach any provision of the Coattail Agreement, they may by written requisition require the Trustee to take such action as is specified in the requisition in connection with the breach or intended breach, and the Trustee is to forthwith take such action or any other action it considers necessary to enforce its rights under the Coattail Agreement on behalf of the SVS Shareholders. The obligation of the Trustee to take such action on behalf of the SVS Shareholders is conditional upon the provision to the Trustee of such funds and indemnity as it may reasonably require in respect of any costs or expenses it may incur in connection with such action. SVS Shareholders may not institute any action or proceeding, or exercise any other remedy to enforce rights under the Coattail Agreement unless they have submitted such a requisition, and provided such funds and indemnity, to the Trustee, and the Trustee shall have failed to act within 30 days of receipt thereof.

Change of Control

In the event of any business consolidation, amalgamation, arrangement, merger, redemption, compulsory acquisition or similar transaction of or involving Canopy Growth Corporation, or a sale or conveyance of all or substantially all of the assets of Canopy Growth Corporation to any other body corporate, trust, partnership or other entity, but excluding, for greater certainty, any transactions involving Canopy Growth Corporation and one or more of its subsidiaries (a "**Canopy Growth Change of Control**") during the period between the entering into the Plan of Arrangement and the earlier of the closing of such acquisition or the termination of the Plan of Arrangement in accordance with its terms, holders of Subordinate Voting Shares, Proportionate Voting Shares, Multiple Voting Shares and High Street Units (collectively, the "**Acreage Holders**") will not be entitled to vote or exercise any dissent rights in connection with such proposed acquisition, however, all such Acreage Holders will be bound by the terms of any such acquisition if approved. Accordingly, in the event of the exercise or deemed exercise of the "Canopy Growth Call Option" (which allows Canopy Growth Corporation to acquire all issued and outstanding shares of the Company) following a successful Canopy Growth Change of Control, it is anticipated that Acreage Holders would receive securities of the entity resulting from such Canopy Growth Change of Control.

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Section 8: EX-10.1 (EXHIBIT 10.1)

ACREAGE HOLDINGS, INC.
OMNIBUS INCENTIVE PLAN

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1. **History; Effective Date.**

Acreage Holdings, Inc., a company continued under the laws of the Province of British Columbia ("**Acreage**"), has established the ACREAGE HOLDINGS, INC. OMNIBUS INCENTIVE PLAN, as set forth herein, and as the same may be amended from time to time (the "**Plan**"). The Plan was adopted by the Board of Directors of Acreage (the "**Board**") effective November 14, 2018. Amendments to the Plan approved by the Board on May 7, 2019 and June 19, 2019 are incorporated herein. This amended and restated Plan is effective as of August 19, 2019, the date it was adopted by the Board (the "**Effective Date**").

2. **Purpose.**

The Purpose of the Plan is to:

(a) promote the long-term financial interests and growth of Acreage and its Subsidiaries (together, the "**Company**") 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 Company's business;

(b) motivate management personnel by means of growth-related incentives to achieve long-range goals; and

(c) further the alignment of interests of Participants with those of the shareholders of Acreage through opportunities for increased stock or stock-based ownership in Acreage.

Toward these objectives, the Administrator may, subject to Board approval, grant stock options, stock appreciation rights, stock awards, restricted share units, performance shares, performance units, and other stock-based awards to eligible individuals on the terms and subject to the conditions set forth in the Plan.

3. **Definitions.**

Except as otherwise specifically provided in an Award Agreement, capitalized words and phrases used in the Plan or an Award Agreement shall have the following meanings:

"**Acreage**" means Acreage Holdings, Inc., a company continued under the laws of the province of British Colombia, Canada.

"**Acreage LLC**" refers to High Street Capital Partners, LLC.

"**Acreage LLC Units**" means the Common Units and Class C-1 units of Acreage LLC outstanding from time to time.

"**Administrator**" means the Board or, where delegated by the Board, the Compensation Committee, or such other committee(s) or officer(s) duly appointed by the Board or the Compensation Committee to administer the Plan or delegated limited authority to perform administrative actions under the Plan, and having such powers as shall be specified by the Board or the Compensation Committee; provided, however, that at any time the Board may serve as the Administrator in lieu of or in addition to the Compensation Committee or such other committee(s) or officer(s) to whom administrative authority has been delegated. With respect to any Award to which Section 16 of the Exchange Act applies, the Administrator shall consist of either the Board or a committee of the Board, which committee shall consist of two or more directors, each of whom is intended to be, to the extent required by Rule 16b-3 of the Exchange Act, a "non-employee director" as defined in Rule 16b-3 of the Exchange Act and an "independent director" to the extent required by the rules of the national securities exchange that is the principal trading market for the Subordinate Voting Shares; provided, that with respect to Awards made to a member of the Board who is not an employee of the Company, "Administrator" means the Board. Any member of the Administrator who does not meet the foregoing requirements shall abstain from any decision regarding an Award and shall not be considered a member of the Administrator to the extent required to comply with Rule 16b-3 of the Exchange Act.

"**Affiliate**" means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, Acreage or any successor to Acreage. For this purpose, "control" (including the correlative meanings of the terms "controlled by" and "under common control with") shall mean ownership, directly or indirectly, of 50% or more of the total combined voting power of all classes of voting securities issued by such entity, or the possession, directly or indirectly, of the power to direct the management and policies of such entity, by contract or otherwise.

"**as converted basis**" includes the conversion of the proportionate voting shares and multiple voting shares in the capital of Acreage and the redemption or exchange, as applicable, on a 1:1 basis of the Acreage Holdings Units, Warrants, Awards and Class B non-voting common shares of Acreage Holdings WC, Inc. into Subordinate Voting Shares.

"**Award**" means any stock option, stock appreciation right, Stock Award, Restricted Share Unit, Performance Share, Performance Unit, and/or Other Stock-Based Award, granted under this Plan.

"**Award Agreement**" means the written document(s), including an electronic writing acceptable to the Administrator, and any notice, addendum or supplement thereto, memorializing the terms and conditions of an Award granted pursuant to the Plan and which shall incorporate the terms of the Plan.

"**Board**" means the Board of Directors of Acreage.

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver, or the City of New York for the transaction of banking business.

"**Change in Control**" means the first of the following to occur subsequent to the Effective Date: (i) a Change in Ownership of Acreage, (ii) a Change in Effective Control of Acreage, or (iii) a Change in the Ownership of Assets of Acreage, as described herein and construed in accordance with Code section 409A.

(a) A "**Change in Ownership of Acreage**" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire, ownership of the capital stock of Acreage that, together with the stock held by such Person or Group, constitutes more than 50% of the total fair market value or total voting power of the capital stock of Acreage. However, if any one Person is, or Persons Acting as a Group are, considered to own more than 50%, on a fully diluted basis, of the total fair market value or total voting power of the capital stock of Acreage, the acquisition of additional stock by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of Acreage or to cause a Change in Effective Control of Acreage (as described below). An increase in the percentage of capital stock owned by any one Person, or Persons Acting as a Group, as a result of a transaction in which Acreage acquires its stock in exchange for property will be treated as an acquisition of stock.

(b) A "**Change in Effective Control of Acreage**" shall occur on the date either (A) a majority of members of Acreage's Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of Acreage's Board before the date of the appointment or election, or (B) any one Person (excluding Kevin Murphy and his affiliates), or Persons Acting as a Group (excluding Kevin Murphy and his affiliates), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of Acreage possessing 50% or more of the total voting power of the stock of Acreage.

(c) A "**Change in the Ownership of Assets of Acreage**" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire (or has or have acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons), assets from Acreage that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of Acreage immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of Acreage, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

The following rules of construction apply in interpreting the definition of Change in Control:

(i) A "**Person**" means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the *Securities Exchange Act* of 1934, as amended, other than employee benefit plans sponsored or maintained by Acreage and by entities controlled by Acreage or an underwriter, initial purchaser or placement agent temporarily holding the capital stock of Acreage pursuant to a registered public offering.

(ii) Persons will be considered to be Persons Acting as a Group (or Group) if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a Person owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a Group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time or purchase or own stock of the same corporation at the same time, or as a result of the same public offering.

(iii) A Change in Control shall not include a transfer to a related person as described in Code section 409A or a public offering of capital stock of Acreage.

(iv) For purposes of the definition of Change in Control, Section 318(a) of the Code applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). For purposes of the preceding sentence, however, if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation §1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor section, regulations and guidance.

"**Company**" means Acreage and its Subsidiaries, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only Acreage.

"**Compensation Committee**" means the Compensation and Corporate Governance Committee of the Board.

"**Dividend Equivalent**" means a right, granted to a Participant, to receive cash, Subordinate Voting Shares, stock Units or other property equal in value to dividends paid with respect to a specified number of Subordinate Voting Shares.

"**Effective Date**" means the meaning ascribed thereto on the first page hereof.

"**Eligible Individuals**" means (i) officers and employees of, and other individuals, including non-employee directors, who are natural persons providing bona fide services to or for, Acreage, or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Acreage's securities and (ii) Acreage consultants who are natural persons providing bona fide services to or for, Acreage or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Acreage's securities.

"**Exchange**" means the Canadian Securities Exchange or any such exchange in Canada or the United States on which Subordinate Voting Shares are listed and posted for trading.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto. Reference to any specific section of the Exchange Act shall be deemed to include such regulations and guidance issued thereunder, as well as any successor section, regulations and guidance.

"**Fair Market Value**" means, on a per share basis as of any date, unless otherwise determined by the Administrator:

(a) if the principal market for the Subordinate Voting Shares (as determined by the Administrator if the Subordinate Voting Shares are listed or admitted to trading on more than one exchange or market) is a national securities exchange or an established securities market, the official closing price per Subordinate Voting Share for the regular market session on that date on the principal exchange or market on which the Subordinate Voting Shares are then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Administrator may select;

(b) if the principal market for the Subordinate Voting Shares is not a national securities exchange or an established securities market, but the Subordinate Voting Shares are quoted by a national quotation system, the average of the highest bid and lowest asked prices for the Subordinate Voting Shares on that date as reported on a national quotation system or, if no prices are reported for that date, on the last preceding day on which prices were reported, all as reported by such source as the Administrator may select; or

(c) if the Subordinate Voting Shares are neither listed or admitted to trading on a national securities exchange or an established securities market, nor quoted by a national quotation system, the value determined by the Administrator in good faith by the reasonable application of a reasonable valuation method, which method may, but need not, include taking into account an appraisal of the fair market value of the Subordinate Voting Shares conducted by a nationally recognized appraisal firm selected by the Administrator.

"**Full Value Award**" means an Award that results in Acreage transferring the full value of a Subordinate Voting Share under the Award, whether or not an actual share of stock is issued. Full Value Awards shall include, but are not limited to, Stock Awards, Restricted Share Units, Performance Shares, Performance Units that are payable in Subordinate Voting Shares, and Other Stock-Based Awards for which Acreage transfers the full value of a Subordinate Voting Share under the Award, but shall not include Dividend Equivalents.

"**Incentive Stock Option**" means any stock option that is designated, in the applicable Award Agreement or the resolutions of the Administrator under which the stock option is granted, as an "incentive stock option" within the meaning of Section 422 of the Code and otherwise meets the requirements to be an "incentive stock option" set forth in Section 422 of the Code.

"**Non-qualified Option**" means any stock option that is not an Incentive Stock Option.

"**Other Stock-Based Award**" means an Award of Subordinate Voting Shares or any other Award that is valued in whole or in part by reference to, or is otherwise based upon, Subordinate Voting Shares, including without limitation Dividend Equivalents.

"**Participant**" means an Eligible Individual to whom one or more Awards are or have been granted pursuant to the Plan and have not been fully settled or cancelled and, following the death of any such person, his successors, heirs, executors and administrators, as the case may be.

"**Performance Award**" means a Full Value Award, the grant, vesting, lapse of restrictions or settlement of which is conditioned upon the achievement of performance objectives over a specified Performance Period and includes, without limitation, Performance Shares and Performance Units.

"**Performance Criteria**" means the Performance Criteria established by the Administrator in connection with the grant of Awards based on Performance Metrics or other performance criteria selected by the Administrator.

"**Performance Period**" means that period established by the Administrator during which any Performance Criteria specified by the Administrator with respect to such Award are to be measured.

"**Performance Metrics**" means criteria established by the Administrator relating to any of the following, as it may apply to an individual, one or more business units, divisions, or Affiliates, or on a company-wide basis, and in absolute terms, relative to a base period, or relative to the performance of one or more comparable companies, peer groups, or an index covering multiple companies:

(a) Earnings or Profitability Metrics: any derivative of revenue; earnings/loss (gross, operating, net, or adjusted); earnings/loss before interest and taxes ("**EBIT**"); earnings/loss before interest, taxes, depreciation and amortization ("**EBITDA**"); profit margins; operating margins; expense levels or ratios; provided that any of the foregoing metrics may be adjusted to eliminate the effect of any one or more of the following: interest expense, asset impairments or investment losses, early extinguishment of debt or stock-based compensation expense;

(b) Return Metrics: any derivative of return on investment, assets, equity or capital (total or invested);

(c) Investment Metrics: relative risk-adjusted investment performance; investment performance of assets under management;

(d) Cash Flow Metrics: any derivative of operating cash flow; cash flow sufficient to achieve financial ratios or a specified cash balance; free cash flow; cash flow return on capital; net cash provided by operating activities; cash flow per share; working capital;

(e) Liquidity Metrics: any derivative of debt leverage (including debt to capital, net debt-to-capital, debt-to-EBITDA or other liquidity ratios);

(f) Stock Price and Equity Metrics: any derivative of return on shareholders' equity; total shareholder return; stock price; stock price appreciation; market capitalization; earnings/loss per share (basic or diluted) (before or after taxes);

(g) Strategic Metrics: product research and development; completion of an identified special project; clinical trials; regulatory filings or approvals; patent application or issuance; manufacturing or process development; sales or net sales; market share; market penetration; economic value added; customer service; customer satisfaction; inventory control; balance of cash, cash equivalents and marketable securities; growth in assets; key hires; employee satisfaction; employee retention; business expansion; acquisitions, divestitures, joint ventures or financing; legal compliance or safety and risk reduction; and/or

(h) Any such personal performance objectives as determined by the Plan Administrator.

"**Performance Shares**" means a grant of stock or stock Units the issuance, vesting or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period.

"**Performance Units**" means a grant of dollar-denominated Units the value, vesting or payment of which is contingent on performance against predetermined objectives over a specified Performance Period.

"**Plan**" means this Omnibus Incentive Plan, as set forth herein and as it may be amended from time to time.

"**Restricted Share Unit**" means a right granted to a Participant to receive Subordinate Voting Shares or cash at the end of a specified deferral period, which right may be conditioned on the satisfaction of certain requirements (including the satisfaction of certain Performance Criteria).

"**Restricted Stock**" means an Award of Subordinate Voting Shares to a Participant that may be subject to certain transferability and other restrictions and to a risk of forfeiture (including by reason of not satisfying certain Performance Criteria).

"**Restriction Period**" means, with respect to Full Value Awards, the period commencing on the date of grant of such Award to which vesting or transferability and other restrictions and a risk of forfeiture apply and ending upon the expiration of the applicable vesting conditions, transferability and other restrictions and lapse of risk of forfeiture and/or the achievement of the applicable Performance Criteria (it being understood that the Administrator may provide that vesting shall occur and/or restrictions shall lapse with respect to portions of the applicable Award during the Restriction Period in accordance with Section 7(b)).

"**Stock Award**" has the meaning ascribed thereto in Section 7(g).

"**Subordinate Voting Shares**" means subordinate voting shares in the capital of Acreage, without par value, and any capital securities into which they are converted.

"**Subsidiary**" means any corporation or other entity in an unbroken chain of corporations or other entities beginning with Acreage if each of the corporations or other entities, or group of commonly controlled corporations or other entities, other than the last corporation or other entity in the unbroken chain then owns stock or other equity interests possessing 50% or more of the total combined voting power of all classes of stock or other equity interests in one of the other corporations or other entities in such chain or otherwise has the power to direct the management and policies of the entity by contract or by means of appointing a majority of the members of the board or other body that controls the affairs of the entity; provided, however, that solely for purposes of determining whether a Participant has a Termination of Service that is a "separation from service" within the meaning of Section 409A of the Code or whether an Eligible Individual is eligible to be granted an Award that in the hands of such Eligible Individual would constitute a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code , a "Subsidiary" of a corporation or other entity means all other entities with which such corporation or other entity would be considered a single employer under Sections 414(b) or 414(c) of the Code.

"**Tax Withholding Obligation**" means any federal, state, local or foreign (non-United States) income, employment or other tax or social insurance contribution required by applicable law to be withheld in respect of Awards.

"**Termination of Service**" means the termination of the Participant's employment or consultancy with, or performance of services for, Acreage and its Subsidiaries. Temporary absences from employment because of illness, vacation or leave of absence and transfers among Acreage and its Subsidiaries shall not be considered Terminations of Service. With respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, "**Termination of Service**" shall mean a "**separation from service**" as defined under Section 409A of the Code to the extent required by Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code. A Participant has a separation from service within the meaning of Section 409A of the Code if the Participant terminates employment with Acreage and all Subsidiaries for any reason. A Participant will generally be treated as having terminated employment with Acreage and all Subsidiaries as of a certain date if the Participant and the entity that employs the Participant reasonably anticipate that the Participant will perform no further services for Acreage or any Subsidiary after such date or that the level of bona fide services that the Participant will perform after such date (whether as an employee or an independent contractor) will permanently decrease to no more than 20 percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Participant has been providing services for fewer than 36 months); provided, however, that the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months or, if longer, so long as the Participant retains the right to reemployment with Acreage or any Subsidiary.

"**Total and Permanent Disability**" means, with respect to a Participant, except as otherwise provided in the relevant Award Agreement, that a Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until the Participant's death or result in death, or (ii) determined to be totally disabled by the Social Security Administration or other governmental or quasi-governmental body that administers a comparable social insurance program outside of the United States in

which the Participant participates and which conditions the right to receive benefits under such program on the Participant being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until the Participant's death or result in death. The Administrator shall have sole authority to determine whether a Participant has suffered a Total and Permanent Disability and may require such medical or other evidence as it deems necessary to judge the nature and permanency of the Participant's condition.

"**Unit**" means a bookkeeping entry used by Acreage to record and account for the grant of the following types of Awards until such time as the Award is paid, cancelled, forfeited or terminated, as the case may be: stock units, Restricted Share Units, Performance Units, and Performance Shares that are expressed in terms of units of Subordinate Voting Shares.

"**Warrants**" means the issued and outstanding warrants in the capital of Acreage outstanding from time to time.

4. **Administration.**

(a) **Administration of the Plan**. The Plan shall be administered by the Administrator. Nothing in this Plan shall derogate from the Board's authority to approve the grant of Awards and the issuance of any Shares pursuant thereto.

(b) **Powers of the Administrator**. The Administrator shall, except as otherwise provided under the Plan, have full authority, subject to Board approval, to grant Awards pursuant to the terms of the Plan to Eligible Individuals and to take all other actions necessary or desirable to carry out the purpose and intent of the Plan. Among other things, the Administrator shall have the authority, in its sole and absolute discretion, subject to the terms and conditions of the Plan to:

(i) determine the Eligible Individuals to whom, and the time or times at which, Awards shall be granted;

(ii) determine the types of Awards to be granted any Eligible Individual;

(iii) determine the number of Subordinate Voting Shares to be covered by or used for reference purposes for each Award or the value to be transferred pursuant to any Award;

(iv) determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired pursuant thereto, including, without limitation, (A) the purchase price of any Subordinate Voting Shares, (B) the method of payment for shares purchased pursuant to any Award, (C) the method for satisfying any tax withholding obligation arising in connection with any Award, including by the withholding or delivery of Subordinate Voting Shares, (D) subject to Section 7(b), the timing, terms and conditions of the exercisability, vesting or payout of any Award or any shares acquired pursuant thereto, (E) the Performance Criteria applicable to any Award and the extent to which such Performance Criteria have been attained, (F) the time of the expiration of any Award, (G) the effect of the Participant's Termination of Service on any of the foregoing, and (H) all other terms, conditions and restrictions applicable to any Award or shares acquired pursuant thereto as the Administrator shall consider to be appropriate and not inconsistent with the terms of the Plan;

(v) subject to Sections 7(f), 10(c) and 15, modify, amend or adjust the terms and conditions of any Award;

(vi) subject to Section 7(b), accelerate or otherwise change the time at or during which an Award may be exercised or becomes payable and waive or accelerate the lapse, in whole or in part, of any restriction, condition or risk of forfeiture with respect to such Award; provided, however, that, except in connection with death, disability or a Change in Control,

no such change, waiver or acceleration shall be made to any Award that is considered "deferred compensation" within the meaning of Section 409A of the Code if the effect of such action is inconsistent with Section 409A of the Code;

(vii) determine whether an Award will be paid or settled in cash, Subordinate Voting Shares, or in any combination thereof and whether, to what extent and under what circumstances cash or Subordinate Voting Shares payable with respect to an Award shall be deferred either automatically or at the election of the Participant;

(viii) for any purpose, including but not limited to, qualifying for preferred or beneficial tax treatment, accommodating the customs or administrative challenges or otherwise complying with the tax, accounting or regulatory requirements of one or more jurisdictions, adopt, amend, modify, administer or terminate sub-plans, appendices, special provisions or supplements applicable to Awards regulated by the laws of a particular jurisdiction, which sub-plans, appendices, supplements and special provisions may take precedence over other provisions of the Plan, and prescribe, amend and/or rescind rules and regulations relating to such sub-plans, supplements and/or special provisions;

(ix) establish any "blackout" period, during which transactions affecting Awards may not be effected, that the Administrator in its sole discretion deems necessary or advisable;

(x) determine the Fair Market Value of Subordinate Voting Shares or other property for any purpose under the Plan or any Award;

(xi) administer, construe and interpret the Plan, Award Agreements and all other documents relevant to the Plan and Awards issued thereunder, and decide all other matters to be determined in connection with an Award;

(xii) establish, amend, rescind and interpret such administrative rules, regulations, agreements, guidelines, instruments and practices for the administration of the Plan and for the conduct of its business as the Administrator deems necessary or advisable;

(xiii) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent the Administrator shall consider it desirable to carry it into effect; and

(xiv) specify that vesting conditions in respect of Awards shall not extend beyond applicable limitations such that the Award complies at all times with the exception in paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada) or comparable legislation of any jurisdiction; and

(xv) otherwise administer the Plan and all Awards granted under the Plan.

(c) **Delegation of Administrative Authority**. The Administrator may designate officers or employees of the Company to assist the Administrator in the administration of the Plan and, to the extent permitted by applicable law and stock exchange rules, the Administrator may delegate to officers or other employees of the Company any of the Administrator's duties and powers under the Plan, subject to such conditions and limitations as the Administrator shall prescribe, including without limitation the authority to execute agreements or other documents on behalf of the Administrator; provided, however, that such delegation of authority shall not extend to the granting of, or exercise of discretion with respect to, Awards to Eligible Individuals who are officers under Section 16 of the Exchange Act.

(d) **Non-Uniform Determinations**. The Administrator's determinations under the Plan (including without limitation, determinations of the persons to receive Awards, the form, amount and timing

of such Awards, the terms and provisions of such Awards and the Award Agreements evidencing such Awards, and the ramifications of a Change in Control upon outstanding Awards) need not be uniform and may be made by the Administrator selectively among Awards or persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

(e) **Limited Liability; Advisors**. To the maximum extent permitted by law, no member of the Administrator shall be liable for any action taken or decision made in good faith relating to the Plan or any Award thereunder. The Administrator may employ counsel, consultants, accountants, appraisers, brokers or other persons. The Administrator, Acreage, and the officers and directors of Acreage shall be entitled to rely upon the advice, opinions or valuations of any such persons.

(f) **Indemnification**. To the maximum extent permitted by law, by Acreage's Notice and Articles of Incorporation, and by any directors' and officers' liability insurance coverage which may be in effect from time to time, the members of the Administrator and any agent or delegate of the Administrator who is a director, officer or employee of Acreage or an Affiliate shall be indemnified by Acreage against any and all liabilities and expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan.

(g) **Effect of Administrator's Decision**. All actions taken and determinations made by the Administrator on all matters relating to the Plan or any Award pursuant to the powers vested in it hereunder shall be in the Administrator's sole and absolute discretion, unless in contravention of any express term of the Plan, including, without limitation, any determination involving the appropriateness or equitableness of any action. All determinations made by the Administrator shall be conclusive, final and binding on all parties concerned, including Acreage, its shareholders, any Participants and any other employee, consultant, or director of Acreage and its Affiliates, and their respective successors in interest. No member of the Administrator, nor any director, officer, employee or representative of Acreage shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or Awards.

5. **Shares.**

Number of Shares Available for Awards. Subject to adjustment as provided in Section 5(a), the number of Subordinate Voting Shares issuable pursuant to Awards that may be granted under the Plan shall be equal to 15% of the number of issued and outstanding Subordinate Voting Shares from time to time, on an as converted basis (the "**Share Pool**"). Subject to applicable law, the requirements of the Exchange and any shareholder or other approval which may be required, the Administrator may in its discretion amend the Plan to increase such limit without notice to any Participants.

(a) **Adjustments**. On and after the Effective Date, the Share Pool shall be adjusted, in addition to any adjustments to be made pursuant to Section 10 of the Plan, as follows:

(i) The Share Pool shall be reduced, on the date of grant, by one share for each stock option or stock appreciation right granted under the Plan and by one share for each Stock Award, Restricted Share Unit, Performance Share and/or Other Stock-Based Award granted under the Plan; provided that Awards that are valued by reference to Subordinate Voting Shares but are required to be paid in cash pursuant to their terms shall not reduce the Share Pool;

(ii) If and to the extent options or stock appreciation rights originating from the Share Pool terminate, expire, or are canceled, forfeited, exchanged, or surrendered without having been exercised, or if any Stock Awards, Restricted Share Units, Performance Shares and/or Other Stock-Based Awards are forfeited, the Subordinate Voting Shares subject to such Awards shall again be available for Awards under the Share Pool, and shall increase the Share Pool by one share for each stock option or stock appreciation right and one share for each Stock Award, Restricted Share Unit, Performance Share and/or Other Stock-Based

Award issued in connection with such Award or by which the Award is valued by reference;

(iii) Notwithstanding the foregoing, the following Subordinate Voting Shares shall not become available for issuance under the Plan: (A) shares tendered by Participants, or withheld by the Company, as full or partial payment to the Company upon the exercise of stock options granted under the Plan, until such Shares are cancelled; (B) shares reserved for issuance upon the grant of stock appreciation rights, to the extent the number of reserved shares exceeds the number of shares actually issued upon the exercise of the stock appreciation rights; and (C) shares withheld by, or otherwise remitted to, the Company to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on Stock Awards or the exercise of stock options or stock appreciation rights granted under the Plan, until such shares are cancelled.

(b) **ISO Limits**. The following limitations shall apply to awards of Incentive Stock Options, notwithstanding any generally applicable contrary provisions in the Plan. Any Award of Incentive Stock Options which does not comply with the provisions of this paragraph shall be deemed to be an award of Non-Qualified Stock Options to the extent of such non-compliance. (i) Subject to adjustment pursuant to Section 10 of the Plan, and also subject to the total number of the maximum number of Subordinate Voting Shares available for all Grants under this Plan, the total number of Subordinate Voting Shares that may be issued pursuant to stock options granted under the Plan that are intended to qualify as Incentive Stock Options within the meaning of Section 422 of the Code shall be 2,000,000. (ii) To the extent that the aggregate Fair Market Value of (x) the Subordinate Voting Shares with respect to Incentive Stock Options, plus (y) the Subordinate Voting Shares with respect to which other Incentive Stock Options are first exercisable by a Participant during any calendar year under all plans of the Company and any Affiliate exceeds $100,000, such Incentive Stock Options shall be treated as Nonqualified Stock Options. For purposes of the preceding sentence, the Fair Market Value of the Subordinate Voting Shares shall be determined as of the time the Option or other incentive stock option is granted. (iii) No Incentive Stock Options may be granted pursuant to the Plan after the day immediately prior to the tenth anniversary of the Effective Date. (iv) During a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant or, in the case of the Participant's Disability, by the Participant's guardian or legal representative. (v) No Incentive Stock Option may be granted to any non-employee of the Company or an Affiliate.

(c) **Source of Shares**. The Subordinate Voting Shares with respect to which Awards may be made under the Plan shall be shares authorized by Acreage for issuance but unissued, or issued and reacquired, including without limitation shares purchased in the open market or in private transactions.

(d) **Stock Exchange Limits**.

(i) The number of Subordinate Voting Shares subject to Awards granted to any one Participant shall be determined by the Board, but no one Participant shall be granted Awards which exceed, in aggregate, the maximum number permitted by the Exchange, if applicable.

(ii) Subject to the aggregate limit and adjustment provisions in Section 5 of this Plan, the aggregate number of Subordinate Voting Shares that may be issued to "Insiders" (as defined in the *Securities Act* (Ontario) and includes an associate and Affiliate, as defined in the *Securities Act* (Ontario) pursuant to the exercise of Awards under the Plan and all other security based compensation arrangements of the Company are subject, in all respects, to Exchange policies.

6. **Participation.**

Participation in the Plan shall be open to all Eligible Individuals, as may be selected by the Administrator from time to time.

7. **Awards.**

(a) **Awards, In General**. The Administrator, in its sole discretion, shall establish the terms of all Awards granted under the Plan consistent with the terms of the Plan. Awards may be granted individually or in tandem with other types of Awards, concurrently with or with respect to outstanding Awards. All Awards are subject to the terms and conditions of the Plan and as provided in the Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. Unless otherwise specified by the Administrator, in its sole discretion, or otherwise provided in the Award Agreement, an Award shall not be effective unless the Award Agreement is signed or otherwise accepted by Acreage and the Participant receiving the Award (including by electronic delivery and/or electronic signature). Unless the Administrator determines otherwise, any failure by the Participant to sign and return the Award Agreement within such period of time following the granting of the Award as the Administrator shall prescribe shall cause such Award to the Participant to be null and void. The Administrator may direct that any stock certificate evidencing shares issued pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as may apply to such shares pursuant to the Plan.

(b) **Minimum Restriction Period for Full Value Awards**. Except as provided below and notwithstanding any provision of the Plan to the contrary, each Award granted under the Plan shall be subject to a minimum Restriction Period of 12 months from the date of grant if vesting of or lapse of restrictions on such Award is based on the satisfaction of Performance Criteria and a minimum Restriction Period of 36 months from the date of grant, applied in either pro rata installments or a single installment, if vesting of or lapse of restrictions on such Award is based solely on the Participant's satisfaction of specified service requirements with the Company. If the grant of a Performance Award is conditioned on satisfaction of Performance Criteria, the Performance Period shall not be less than 12 months' duration, but no additional minimum Restriction Period need apply to such Award. Except as provided below and notwithstanding any provision of the Plan to the contrary, the Administrator shall not have discretionary authority to waive the minimum Restriction Period applicable to a Full Value Award, except in the case of death, disability, retirement, or a Change in Control. Notwithstanding the foregoing, the provisions of this Section 7(b) shall not apply and/or may be waived, in the Administrator's sole discretion, with respect to up to the number of Full Value Awards that is equal to 10% of the aggregate Share Pool as of the Effective Date. Notwithstanding the foregoing, the minimum Restriction Period may be less than 36 months in order to ensure that an Award complies at all times with the exception in paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada) or comparable legislation of any jurisdiction.

(c) **Stock Options**.

(i) Grants. A stock option means a right to purchase a specified number of Subordinate Voting Shares from Acreage at a specified price during a specified period of time. The Administrator may from time to time grant to Eligible Individuals Awards of Incentive Stock Options or Non-qualified Options; provided, however, that Awards of Incentive Stock Options shall be limited to employees of Acreage or of any current or hereafter existing "parent corporation" or "subsidiary corporation," as defined in Sections 424(e) and 424(f) of the Code, respectively, of Acreage, and any other Eligible Individuals who are eligible to receive Incentive Stock Options under the provisions of Section 422 of the Code. No stock option shall be an Incentive Stock Option unless so designated by the Administrator at the time of grant or in the applicable Award Agreement.

(ii) Exercise. Stock options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator; provided, however, that Awards of stock options may not have a term in excess of ten years' duration unless required otherwise by applicable law. The exercise price per share subject to a stock option granted under the Plan shall not be less than the Fair Market Value of one Subordinate Voting Share on the date of grant of the stock option, except as provided under applicable law or with respect to stock options that are granted in substitution of similar types of awards of a company acquired by Acreage or a Subsidiary or with which Acreage or a Subsidiary combines (whether in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, or otherwise) to preserve the intrinsic value of such awards. Notwithstanding the foregoing, An Incentive Stock Option shall not be granted to any individual who, at the date of grant, owns Stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Affiliate, unless the exercise price per share is at least 110% of the Fair Market Value per share of Stock at the date of grant, and the Option expires no later than five years after the date of grant. Should the expiry date of a stock option fall within a period during which the relevant Participant is prohibited from exercising a Nonqualified Option due to trading restrictions imposed by the Company pursuant to any policy of the Company respecting restrictions on trading that is in effect at that time (a "**blackout period**") or within nine Business Days following the expiration of a blackout period, such expiry date of the Nonqualified Option shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the blackout period (but not beyond the first to occur of the original term of the option or the 10th anniversary of the original grant date of the option), such tenth Business Day to be considered the expiry date for such Nonqualified Option for all purposes under the Plan. The ten Business Day period referred to in this paragraph may not be extended by the Board.

(iii) Termination of Service. Except as provided in the applicable Award Agreement or otherwise determined by the Administrator, to the extent stock options are not vested and exercisable, a Participant's stock options shall be forfeited upon his or her Termination of Service.

(iv) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock options, provided they are not inconsistent with the Plan.

(d) **Limitation on Reload Options**. The Administrator shall not grant stock options under this Plan that contain a reload or replenishment feature pursuant to which a new stock option would be granted automatically upon receipt of delivery of Subordinate Voting Shares to Acreage in payment of the exercise price or any tax withholding obligation under any other stock option.

(e) **Stock Appreciation Rights**.

(i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of stock appreciation rights. A stock appreciation right entitles the Participant to receive, subject to the provisions of the Plan and the Award Agreement, a payment having an aggregate value equal to the product of (i) the excess of (A) the Fair Market Value on the exercise date of one Subordinate Voting Share over (B) the base price per share specified in the Award Agreement, times (ii) the number of shares specified by the stock appreciation right, or portion thereof, which is exercised. The base price per share specified in the Award Agreement shall not be less than the Fair Market Value on the date of grant, or with respect to stock appreciation rights that are granted in substitution of similar types of awards of a company acquired by Acreage or a Subsidiary or with which Acreage or a Subsidiary combines (whether in connection with a corporate transaction, such as a merger,

combination, consolidation or acquisition of property or stock, or otherwise) such base price as is necessary to preserve the intrinsic value of such awards.

(ii) Exercise. Stock appreciation rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator; provided, however, that stock appreciation rights granted under the Plan may not have a term in excess of ten years' duration unless required otherwise by applicable law. The applicable Award Agreement shall specify whether payment by Acreage of the amount receivable upon any exercise of a stock appreciation right is to be made in cash or Subordinate Voting Shares or a combination of both, or shall reserve to the Administrator or the Participant the right to make that determination prior to or upon the exercise of the stock appreciation right. If upon the exercise of a stock appreciation right a Participant is to receive a portion of such payment in Subordinate Voting Shares, the number of shares shall be determined by dividing such portion by the Fair Market Value of a Subordinate Voting Share on the exercise date. No fractional shares shall be used for such payment and the Administrator shall determine whether cash shall be given in lieu of such fractional shares or whether such fractional shares shall be eliminated.

(iii) Termination of Service. Except as provided in the applicable Award Agreement or otherwise determined by the Administrator, to the extent stock appreciation rights are not vested and exercisable, a Participant's stock appreciation rights shall be forfeited upon his or her Termination of Service.

(iv) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock appreciation rights, provided they are not inconsistent with the Plan.

(f) **Repricing**. Notwithstanding anything herein to the contrary, except in connection with a corporate transaction involving Acreage (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of stock options and stock appreciation rights granted under the Plan may not be amended, after the date of grant, to reduce the exercise price of such stock options or stock appreciation rights, nor may outstanding stock options or stock appreciation rights be canceled in exchange for (i) cash, (ii) stock options or stock appreciation rights with an exercise price or base price that is less than the exercise price or base price of the original outstanding stock options or stock appreciation rights, or (iii) other Awards, unless such action is approved by Acreage's shareholders.

(g) **Stock Awards**.

(i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of unrestricted Subordinate Voting Shares or Restricted Stock (collectively, "**Stock Awards**") on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by law, as the Administrator shall determine, subject to the limitations set forth in Section 7(b). Stock Awards shall be evidenced in such manner as the Administrator may deem appropriate, including via book-entry registration.

(ii) Vesting. Restricted Stock shall be subject to such vesting, restrictions on transferability and other restrictions, if any, and/or risk of forfeiture as the Administrator may impose at the date of grant or thereafter. The Restriction Period to which such vesting, restrictions and/or risk of forfeiture apply may lapse under such circumstances, including without limitation upon the attainment of Performance Criteria, in such installments, or otherwise, as the Administrator may determine. Subject to the provisions of the Plan, the applicable Award Agreement and applicable law, during the Restriction Period, the Participant shall

not be permitted to vote sell, assign, transfer, pledge or otherwise encumber shares of Restricted Stock.

(iii) Rights of a Shareholder; Dividends. Except to the extent restricted under the Award Agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a shareholder of Subordinate Voting Shares including, without limitation, the right to vote Restricted Stock upon the expiry of the Restriction Period. Subject to shareholder approval, cash dividends declared payable on Subordinate Voting Shares shall be paid, with respect to outstanding Restricted Stock, as determined by the Administrator, and shall be paid in cash or as unrestricted Subordinate Voting Shares having a Fair Market Value equal to the amount of such dividends or may be reinvested in additional shares of Restricted Stock as determined by the Administrator; provided, however, that dividends declared payable on Restricted Stock that is granted as a Performance Award shall be held by Acreage and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such shares of Restricted Stock. Stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Subordinate Voting Shares or other property has been distributed. As soon as is practicable following the date on which restrictions on any shares of Restricted Stock lapse, Acreage shall deliver to the Participant the certificates for such shares or shall cause the shares to be registered in the Participant's name in book-entry form, in either case with the restrictions removed, provided that the Participant shall have complied with all conditions for delivery of such shares contained in the Award Agreement or otherwise reasonably required by Acreage.

(iv) Termination of Service. Except as provided in the applicable Award Agreement, upon Termination of Service during the applicable Restriction Period, Restricted Stock and any accrued but unpaid dividends that are at that time subject to restrictions shall be forfeited; provided that, subject to the limitations set forth in Section 7(b), the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, 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 Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock.

(v) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of Restricted Stock, provided they are not inconsistent with the Plan.

(h) **Share Units**.

(i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of unrestricted stock Units or Restricted Share Units on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by law, as the Administrator shall determine, subject to the limitations set forth in Section 7(b). Restricted Share Units represent a contractual obligation by Acreage to deliver a number of Subordinate Voting Shares, an amount in cash equal to the Fair Market Value of the specified number of shares subject to the Award, or a combination of Subordinate Voting Shares and cash, in accordance with the terms and conditions set forth in the Plan and any applicable Award Agreement.

(ii) Vesting and Payment. Restricted Share Units shall be subject to such vesting, risk of forfeiture and/or payment provisions as the Administrator may impose at the date of grant. The Restriction Period to which such vesting and/or risk of forfeiture apply may lapse under such circumstances, including without limitation upon the attainment of

Performance Criteria, in such installments, or otherwise, as the Administrator may determine. Subordinate Voting Shares, cash or a combination of Subordinate Voting Shares and cash, as applicable, payable in settlement of Restricted Share Units shall be delivered to the Participant as soon as administratively practicable, but no later than 30 days, after the date on which payment is due under the terms of the Award Agreement provided that the Participant shall have complied with all conditions for delivery of such shares or payment contained in the Award Agreement or otherwise reasonably required by Acreage, or in accordance with an election of the Participant, if the Administrator so permits, that meets the requirements of Section 409A of the Code.

(iii) No Rights of a Shareholder; Dividend Equivalents. Until Subordinate Voting Shares are issued to the Participant in settlement of stock Units, the Participant shall not have any rights of a shareholder of Acreage with respect to the stock Units or the shares issuable thereunder. The Administrator may grant to the Participant the right to receive Dividend Equivalents on stock Units, on a current, reinvested and/or restricted basis, subject to such terms as the Administrator may determine provided, however, that Dividend Equivalents payable on stock Units that are granted as a Performance Award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such stock Units.

(iv) Termination of Service. Upon Termination of Service during the applicable deferral period or portion thereof to which forfeiture conditions apply, or upon failure to satisfy any other conditions precedent to the delivery of Subordinate Voting Shares or cash to which such Restricted Share Units relate, all Restricted Share Units and any accrued but unpaid Dividend Equivalents with respect to such Restricted Share Units that are then subject to deferral or restriction shall be forfeited; provided that, subject to the limitations set forth in Section 7(b), the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Share Units will be waived in whole or in part in the event of termination resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Share Units.

(v) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock Units, provided they are not inconsistent with the Plan.

(i) **Performance Shares and Performance Units**.

(i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards in the form of Performance Shares and Performance Units. Performance Shares, as that term is used in this Plan, shall refer to Subordinate Voting Shares or Units that are expressed in terms of Subordinate Voting Shares, the issuance, vesting, lapse of restrictions on or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period. Performance Units, as that term is used in this Plan, shall refer to dollar-denominated Units valued by reference to designated criteria established by the Administrator, other than Subordinate Voting Shares, the issuance, vesting, lapse of restrictions on or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period. The applicable Award Agreement shall specify whether Performance Shares and Performance Units will be settled or paid in cash or Subordinate Voting Shares or a combination of both, or shall reserve to the Administrator or the Participant the right to make that determination prior to or at the payment or settlement date.

(ii) Performance Criteria. The Administrator shall, prior to or at the time of grant, condition the grant, vesting or payment of, or lapse of restrictions on, an Award of Performance

Shares or Performance Units upon (A) the attainment of Performance Criteria during a Performance Period or (B) the attainment of Performance Criteria and the continued service of the Participant. The length of the Performance Period, the Performance Criteria to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Criteria have been attained shall be conclusively determined by the Administrator in the exercise of its absolute discretion. Performance Criteria may include minimum, maximum and target levels of performance, with the size of the Award or payout of Performance Shares or Performance Units or the vesting or lapse of restrictions with respect thereto based on the level attained. An Award of Performance Shares or Performance Units shall be settled as and when the Award vests or at a later time specified in the Award Agreement or in accordance with an election of the Participant, if the Administrator so permits, that meets the requirements of Section 409A of the Code.

(iii) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of Performance Shares or Performance Units, provided they are not inconsistent with the Plan.

(j) **Other Stock-Based Awards**. The Administrator may from time to time grant to Eligible Individuals Awards in the form of Other Stock-Based Awards. Other Stock-Based Awards in the form of Dividend Equivalents may be (A) awarded on a free-standing basis or in connection with another Award other than a stock option or stock appreciation right, (B) paid currently or credited to an account for the Participant, including the reinvestment of such credited amounts in Subordinate Voting Shares equivalents, to be paid on a deferred basis, and (C) settled in cash or Subordinate Voting Shares as determined by the Administrator; provided, however, that Dividend Equivalents payable on Other Stock-Based Awards that are granted as a Performance Award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such Other Stock-Based Awards. Any such settlements, and any such crediting of Dividend Equivalents, may be subject to such conditions, restrictions and contingencies as the Administrator shall establish.

(k) **Awards to Participants Outside the United States**. The Administrator may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause Acreage or a Subsidiary to be subject to) tax, legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable in order that any such Award shall conform to laws, regulations, and customs of the country or jurisdiction in which the Participant is then resident or primarily employed or to foster and promote achievement of the purposes of the Plan.

(l) **Limitation on Dividend Reinvestment and Dividend Equivalents**. Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the payment of Subordinate Voting Shares with respect to dividends to Participants holding Awards of stock Units, shall only be permissible if sufficient shares are available under the Share Pool for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient shares are not available under the Share Pool for such reinvestment or payment, such reinvestment or payment shall be made in the form of a grant of stock Units equal in number to the Subordinate Voting Shares that would have been obtained by such payment or reinvestment, the terms of which stock Units shall provide for settlement in cash and for Dividend Equivalent reinvestment in further stock Units on the terms contemplated by this Section 7(m).

8. **Withholding of Taxes.**

Participants and holders of Awards shall pay to Acreage or its Affiliate, or make arrangements satisfactory to the Administrator for payment of, any Tax Withholding Obligation in respect of Awards granted under the Plan no later

than the date of the event creating the tax or social insurance contribution liability. The obligations of Acreage under the Plan shall be conditional on such payment or arrangements. Unless otherwise determined by the Administrator, and subject always to applicable law, Tax Withholding Obligations may be settled in whole or in part with Subordinate Voting Shares, including unrestricted outstanding shares surrendered to Acreage and unrestricted shares that are part of the Award that gives rise to the Tax Withholding Obligation, having a Fair Market Value on the date of surrender or withholding equal to the statutory minimum amount (or such greater amount permitted under FASB Accounting Standards Codification Topic 718, *Compensation—Stock Compensation*, for equity-classified awards) required to be withheld for tax or social insurance contribution purposes, all in accordance with such procedures as the Administrator establishes. Acreage or its Affiliate may deduct, to the extent permitted by law, any such Tax Withholding Obligations from any payment of any kind otherwise due to the Participant or holder of an Award.

9. **Transferability of Awards.**

(a) **Requirement for Administrator Permission**. Except as otherwise determined by the Administrator, and in any event in the case of an Incentive Stock Option or a tandem stock appreciation right granted with respect to an Incentive Stock Option, no Award granted under the Plan shall be transferable by a Participant otherwise than by will or the laws of descent and distribution. The Administrator shall not permit any transfer of an Award for value except to the Company or in connection with a Change in Control. An Award may be exercised during the lifetime of the Participant, only by the Participant or, during the period the Participant is under a legal disability, by the Participant's guardian or legal representative, unless otherwise determined by the Administrator. Awards granted under the Plan shall not be subject in any manner to alienation, anticipation, sale, transfer, assignment, pledge, or encumbrance, except as otherwise determined by the Administrator; provided, however, that the restrictions in this sentence shall not apply to the Subordinate Voting Shares received in connection with an Award after the date that the restrictions on transferability of such shares set forth in the applicable Award Agreement have lapsed. Nothing in this paragraph shall be interpreted or construed as overriding the terms of any Acreage stock ownership or retention policy, now or hereafter existing, that may apply to the Participant or Subordinate Voting Shares received under an Award.

(b) **Administrator Discretion to Permit Transfers Other Than For Value**. Except as otherwise restricted by applicable law, the Administrator may, but need not, permit an Award, other than an Incentive Stock Option or a tandem stock appreciation right granted with respect to an Incentive Stock Option, to be transferred to a Participant's Family Member (as defined below) as a gift or pursuant to a domestic relations order in settlement of marital property rights. The Administrator shall not permit any transfer of an Award for value except to the Company or in connection with a Change in Control. For purposes of this Section 9, "Family Member" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent (50%) of the voting interests. The following transactions are not prohibited transfers for value: (i) a transfer under a domestic relations order in settlement of marital property rights; and (ii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Participant) in exchange for an interest in that entity.

10. **Adjustments for Corporate Transactions and Other Events.**

(a) **Mandatory Adjustments**. In the event of a merger, consolidation, stock rights offering, statutory share exchange or similar event affecting Acreage (each, a "**Corporate Event**") or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of Acreage (each, a "**Share Change**") that occurs at any time after adoption of this Plan by the Board (including any such Corporate Event or Share Change that occurs after such

adoption and coincident with or prior to the Effective Date), the Administrator shall, with the approval of the Exchange or the shareholders of the Company (if required), make equitable and appropriate substitutions or proportionate adjustments to (i) the aggregate number and kind of Subordinate Voting Shares or other securities on which Awards under the Plan may be granted to Eligible Individuals, (ii) the maximum number of Subordinate Voting Shares or other securities with respect to which Awards may be granted during any one calendar year to any individual, (iii) the maximum number of Subordinate Voting Shares or other securities that may be issued with respect to Incentive Stock Options granted under the Plan, (iv) the number of Subordinate Voting Shares or other securities covered by each outstanding Award and the exercise price, base price or other price per share, if any, and other relevant terms of each outstanding Award, and (v) all other numerical limitations relating to Awards, whether contained in this Plan or in Award Agreements; provided, however, that any fractional shares resulting from any such adjustment shall be eliminated; and, provided further, that in no event shall the exercise price per Subordinate Voting Share of a stock option or stock appreciation right, or subscription price per Subordinate Voting Share or any other Award, be reduced to an amount that is lower than the par value of a Subordinate Voting Share.

(b) **Discretionary Adjustments**. In the case of a Corporate Event, the Administrator may, with the approval of the Exchange or the shareholders of the Company (if required), make such other adjustments to outstanding Awards as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Awards in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Administrator in its sole discretion (it being understood that in the case of a Corporate Event with respect to which shareholders of Acreage receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Administrator that the value of a stock option or stock appreciation right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Subordinate Voting Share pursuant to such Corporate Event over the exercise price or base price of such stock option or stock appreciation right shall conclusively be deemed valid and that any stock option or stock appreciation right may be cancelled for no consideration upon a Corporate Event if its exercise price or base price equals or exceeds the value of the consideration being paid for each Subordinate Voting Share pursuant to such Corporate Event), (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Acreage and securities of entities other than Acreage) for the Subordinate Voting Shares subject to outstanding Awards, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Administrator, of the surviving or successor entity or a parent thereof ("**Substitute Awards**").

(c) **Adjustments to Performance Criteria**. The Administrator may, in its discretion, adjust the Performance Criteria applicable to any Awards to reflect any unusual or infrequently occurring event or transaction, impact of charges for restructurings, discontinued operations and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in Acreage's consolidated financial statements, notes to the consolidated financial statements, management's discussion and analysis or other Acreage filings with the Securities and Exchange Commission. If the Administrator determines that a change in the business, operations, corporate structure or capital structure of Acreage or the applicable subsidiary, business segment or other operational unit of Acreage or any such entity or segment, or the manner in which any of the foregoing conducts its business, or other events or circumstances, render the Performance Criteria to be unsuitable, the Administrator may modify such Performance Criteria or the related minimum acceptable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable.

(d) **Statutory Requirements Affecting Adjustments**. Notwithstanding the foregoing: (A) any adjustments made pursuant to Section 10 to Awards that are considered "deferred compensation" within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code; (B) any adjustments made pursuant to Section 10 to Awards that are not considered "deferred compensation" subject to Section 409A of the Code shall be made in such

a manner as to ensure that after such adjustment, the Awards either (1) continue not to be subject to Section 409A of the Code or (2) comply with the requirements of Section 409A of the Code; (C) in any event, the Administrator shall not have the authority to make any adjustments pursuant to Section 10 to the extent the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code at the date of grant to be subject thereto; and (D) any adjustments made pursuant to Section 10 to Awards that are Incentive Stock Options shall be made in compliance with the requirements of Section 424 (a) of the Code.

(e) **Dissolution or Liquidation**. Unless the Administrator determines otherwise, all Awards outstanding under the Plan shall terminate upon the dissolution or liquidation of Acreage.

11. **Change in Control Provisions.**

(a) **Termination of Awards**. Notwithstanding the provisions of Section 11(b), in the event that any transaction resulting in a Change in Control occurs, outstanding Awards will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation or assumption of such Awards by, or for the issuance therefor of Substitute Awards of, the surviving or successor entity or a parent thereof. Solely with respect to Awards that will terminate as a result of the immediately preceding sentence and except as otherwise provided in the applicable Award Agreement:

(i) the outstanding Awards of stock options and stock appreciation rights that will terminate upon the effective time of the Change in Control shall, immediately before the effective time of the Change in Control, become fully exercisable and the holders of such Awards will be permitted, immediately before the Change in Control, to exercise the Awards;

(ii) the outstanding shares of Restricted Stock the vesting or restrictions on which are then solely time-based and not subject to achievement of Performance Criteria shall, immediately before the effective time of the Change in Control, become fully vested, free of all transfer and lapse restrictions and free of all risks of forfeiture;

(iii) the outstanding shares of Restricted Stock the vesting or restrictions on which are then subject to and pending achievement of Performance Criteria shall, immediately before the effective time of the Change in Control and unless the Award Agreement provides for vesting or lapsing of restrictions in a greater amount upon the occurrence of a Change in Control, become vested, free of transfer and lapse restrictions and risks of forfeiture in such amounts as if the applicable Performance Criteria for the unexpired Performance Period had been achieved at the target level set forth in the applicable Award Agreement;

(iv) the outstanding Restricted Share Units, Performance Shares and Performance Units the vesting, earning or settlement of which is then solely time-based and not subject to or pending achievement of Performance Criteria shall, immediately before the effective time of the Change in Control, become fully earned and vested and shall be settled in cash or Subordinate Voting Shares (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the shares) as promptly as is practicable, subject to any applicable limitations imposed thereon by Section 409A of the Code; and

(v) the outstanding Restricted Share Units, Performance Shares and Performance Units the vesting, earning or settlement of which is then subject to and pending achievement of Performance Criteria shall, immediately before the effective time of the Change in Control and unless the Award Agreement provides for vesting, earning or settlement in a greater amount upon the occurrence of a Change in Control, become vested and earned in such amounts as if the applicable Performance Criteria for the unexpired Performance Period had been achieved at the target level set forth in the applicable Award Agreement and shall be settled in cash or Subordinate Voting Shares (consistent with the terms of the Award

Agreement after taking into account the effect of the Change in Control transaction on the shares) as promptly as is practicable, subject to any applicable limitations imposed thereon by Section 409A of the Code.

Implementation of the provisions of this Section 11(a) shall be conditioned upon consummation of the Change in Control.

(b) **Continuation, Assumption or Substitution of Awards**. The administrator may specify, on or after the date of grant, in an award agreement or amendment thereto, the consequences of a Participant's Termination of Service that occurs coincident with or following the occurrence of a Change in Control, if a Change in Control occurs under which provision is made in connection with the transaction for the continuation or assumption of outstanding Awards by, or for the issuance therefor of Substitute Awards of, the surviving or successor entity or a parent thereof.

(c) **Other Permitted Actions**. In the event that any transaction resulting in a Change in Control occurs, the Administrator may take any of the actions set forth in Section 10 with respect to any or all Awards granted under the Plan.

(d) **Section 409A Savings Clause**. Notwithstanding the foregoing, if any Award is considered to be a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, this Section 11 shall apply to such Award only to the extent that its application would not result in the imposition of any tax or interest or the inclusion of any amount in income under Section 409A of the Code.

12. **Substitution of Awards in Mergers and Acquisitions.**

Awards may be granted under the Plan from time to time in substitution for assumed awards held by employees, officers, consultants or directors of entities who become employees, officers, consultants or directors of Acreage or a Subsidiary as the result of a merger or consolidation of the entity for which they perform services with Acreage or a Subsidiary, or the acquisition by Acreage of the assets or stock of the such entity. The terms and conditions of any Awards so granted may vary from the terms and conditions set forth herein to the extent that the Administrator deems appropriate at the time of grant to conform the Awards to the provisions of the assumed awards for which they are substituted and to preserve their intrinsic value as of the date of the merger, consolidation or acquisition transaction. To the extent permitted by applicable law and marketplace or listing rules of the primary securities market or exchange on which the Subordinate Voting Shares are listed or admitted for trading, any available shares under a shareholder-approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for Awards granted pursuant to this Section 12 and, upon such grant, shall not reduce the Share Pool.

13. **Compliance with Securities Laws; Listing and Registration.**

(a) The obligation of Acreage to sell or deliver Subordinate Voting Shares with respect to any Award granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal, state or foreign (non-United States) securities laws, or foreign (non-United States) securities laws and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Administrator. If at any time the Administrator determines that the delivery of Subordinate Voting Shares under the Plan is or may be unlawful under the laws of any applicable jurisdiction, or federal, state or foreign (non-United States) securities laws, the right to exercise an Award or receive Subordinate Voting Shares pursuant to an Award shall be suspended until the Administrator determines that such delivery is lawful. If at any time the Administrator determines that the delivery of Subordinate Voting Shares under the Plan would or may violate the rules of any exchange on which Acreage's securities are then listed for trading, the right to exercise an Award or receive Subordinate Voting Shares pursuant to an Award shall be suspended until the Administrator determines that such delivery would not violate such rules. If the Administrator determines that the exercise or nonforfeitability of, or delivery of benefits pursuant to, any Award would violate any applicable provision of securities laws or the listing requirements of any stock exchange upon which any of Acreage's equity securities are listed, then the

Administrator may postpone any such exercise, nonforfeitability or delivery, as applicable, but Acreage shall use all reasonable efforts to cause such exercise, nonforfeitability or delivery to comply with all such provisions at the earliest practicable date. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares under the Plan shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained.

(b) Each Award is subject to the requirement that, if at any time the Administrator determines, in its absolute discretion, that the listing, registration or qualification of Subordinate Voting Shares issuable pursuant to the Plan is required by any securities exchange or under any state, federal or foreign (non-United States) law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Award or the issuance of Subordinate Voting Shares, no such Award shall be granted or payment made or Subordinate Voting Shares issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Administrator.

(c) In the event that the disposition of Subordinate Voting Shares acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), and is not otherwise exempt from such registration, such Subordinate Voting Shares shall be restricted against transfer to the extent required by the Securities Act or regulations thereunder, and the Administrator may require a person receiving Subordinate Voting Shares pursuant to the Plan, as a condition precedent to receipt of such Subordinate Voting Shares, to represent to Acreage in writing that the Subordinate Voting Shares acquired by such person is acquired for investment only and not with a view to distribution and that such person will not dispose of the Subordinate Voting Shares so acquired in violation of federal, state or foreign securities laws and furnish such information as may, in the opinion of counsel for the Company, be appropriate to permit the Company to issue the Subordinate Voting Shares in compliance with applicable federal, state or foreign securities laws. If applicable, all certificates representing such Subordinate Voting Shares shall bear applicable legends as required by federal, state or foreign securities laws or stock exchange regulation.

14. **Section 409A Compliance.**

It is the intention of Acreage that any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code shall comply in all respects with the requirements of Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code, and the terms of each such Award shall be construed, administered and deemed amended, if applicable, in a manner consistent with this intention. Notwithstanding the foregoing, neither Acreage nor any of its Affiliates nor any of its or their directors, officers, employees, agents or other service providers will be liable for any taxes, penalties or interest imposed on any Participant or other person with respect to any amounts paid or payable (whether in cash, Subordinate Voting Shares or other property) under any Award, including any taxes, penalties or interest imposed under or as a result of Section 409A of the Code. Any payments described in an Award that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. For purposes of any Award, each amount to be paid or benefit to be provided to a Participant that constitutes deferred compensation subject to Section 409A of the Code shall be construed as a separate identified payment for purposes of Section 409A of the Code. For purposes of Section 409A of the Code, the payment of Dividend Equivalents under any Award shall be construed as earnings and the time and form of payment of such Dividend Equivalents shall be treated separately from the time and form of payment of the underlying Award. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, any payments (whether in cash, Subordinate Voting Shares or other property) to be made with respect to the Award that become payable on account of the Participant's separation from service, within the meaning of Section 409A of the Code, while the Participant is a "specified employee" (as determined in accordance with the uniform policy adopted by the Administrator with respect to all of the arrangements subject to Section 409A of the Code maintained by Acreage and its Affiliates) and which would otherwise be paid within six months after the Participant's separation from service

shall be accumulated (without interest) and paid on the first day of the seventh month following the Participant's separation from service or, if earlier, within 15 days after the appointment of the personal representative or executor of the Participant's estate following the Participant's death. Notwithstanding anything in the Plan or an Award Agreement to the contrary, in no event shall the Administrator exercise its discretion to accelerate the payment or settlement of an Award where such payment or settlement constitutes deferred compensation within the meaning of Code section 409A unless, and solely to the extent that, such accelerated payment or settlement is permissible under Treasury Regulation section 1.409A-3(j)(4).

15. **Plan Duration; Amendment and Discontinuance.**

(a) **Plan Duration**. The Plan shall remain in effect, subject to the right of the Board or the Compensation Committee to amend or terminate the Plan at any time, until the (a) earliest date as of which all Awards granted under the Plan have been satisfied in full or terminated and no Subordinate Voting Shares approved for issuance under the Plan remain available to be granted under new Awards or (b) the tenth anniversary of the Effective Date. No Awards shall be granted under the Plan after such termination date. Subject to other applicable provisions of the Plan, all Awards made under the Plan on or before the tenth anniversary of the Effective Date, or such earlier termination of the Plan, shall remain in effect until such Awards have been satisfied or terminated in accordance with the Plan and the terms of such Awards.

(b) **Amendment and Discontinuance of the Plan**. The Board or the Compensation Committee may, without shareholder approval, amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of a Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law or rule of any securities exchange or market on which the Subordinate Voting Shares are listed or admitted for trading or to prevent adverse tax or accounting consequences to Acreage or the Participant. Notwithstanding the foregoing, no such amendment shall be made without the approval of Acreage's shareholders to the extent such amendment would (A) materially increase the benefits accruing to Participants under the Plan, (B) materially increase the number of Subordinate Voting Shares which may be issued under the Plan or to a Participant, (C) materially expand the eligibility for participation in the Plan, (D) eliminate or modify the prohibition set forth in Section 7(f) on repricing of stock options and stock appreciation rights, (E) lengthen the maximum term or lower the minimum exercise price or base price permitted for stock options and stock appreciation rights, or (F) modify the prohibition on the issuance of reload or replenishment options. Except as otherwise determined by the Board or Compensation Committee, termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

(c) **Amendment of Awards**. Subject to Section 7(f), the Administrator may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall materially impair the rights of any Participant with respect to an Award without the Participant's consent, except such an amendment made to cause the Plan or Award to comply with applicable law, applicable rule of any securities exchange on which the Subordinate Voting Shares are listed or admitted for trading, or to prevent adverse tax or accounting consequences for the Participant or the Company or any of its Affiliates. For purposes of the foregoing sentence, an amendment to an Award that results in a change in the tax consequences of the Award to the Participant shall not be considered to be a material impairment of the rights of the Participant and shall not require the Participant's consent.

16. **General Provisions.**

(a) **Non-Guarantee of Employment or Service**. Nothing in the Plan or in any Award Agreement thereunder shall confer any right on an individual to continue in the service of Acreage or any Affiliate or shall interfere in any way with any right of Acreage or any Affiliate may have to terminate such service at any time with or without cause or notice and whether or not such termination results in (i) the failure of any Award to vest or become payable; (ii) the forfeiture of any unvested or vested portion of any Award; and/or (iii) any other adverse effect on the individual's

interests under any Award or the Plan. No person, even though deemed an Eligible Individual, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. To the extent that an Eligible Individual who is an employee of a Subsidiary receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that Acreage is the Participant's employer or that the Participant has an employment relationship with Acreage.

(b) **No Trust or Fund Created**. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between Acreage and a Participant or any other person. To the extent that any Participant or other person acquires a right to receive payments from Acreage pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of Acreage.

(c) **Status of Awards**. Awards shall be special incentive payments to the Participant and shall not be taken into account in computing the amount of salary or compensation of the Participant for purposes of determining any pension, retirement, death, severance or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance, severance or other employee benefit plan of Acreage or any Affiliate now or hereafter in effect under which the availability or amount of benefits is related to the level of compensation or (b) any agreement between (i) Acreage or any Affiliate and (ii) the Participant, except as such plan or agreement shall otherwise expressly provide.

(d) **Subsidiary Employees**. In the case of a grant of an Award to an Eligible Individual who provides services to any Subsidiary, Acreage may, if the Administrator so directs, issue or transfer the Subordinate Voting Shares, if any, covered by the Award to the Subsidiary, for such lawful consideration as the Administrator may specify, upon the condition or understanding that the Subsidiary will transfer the Subordinate Voting Shares to the Eligible Individual in accordance with the terms of the Award specified by the Administrator pursuant to the provisions of the Plan. All Subordinate Voting Shares underlying Awards that are forfeited or canceled after such issue or transfer of shares to the Subsidiary shall revert to Acreage.

(e) **Governing Law and Interpretation**. The validity, construction and effect of the Plan, of Award Agreements entered into pursuant to the Plan, and of any rules, regulations, determinations or decisions made by the Administrator relating to the Plan or such Award Agreements, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with the laws of British Columbia and the laws of Canada applicable therein without regard to its conflict of laws principles. The captions of the Plan are not part of the provisions hereof and shall have no force or effect. Except where the context otherwise requires: (i) the singular includes the plural and vice versa; (ii) a reference to one gender includes other genders; (iii) a reference to a person includes a natural person, partnership, corporation, association, governmental or local authority or agency or other entity; and (iv) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

(f) **Use of English Language**. The Plan, each Award Agreement, and all other documents, notices and legal proceedings entered into, given or instituted pursuant to an Award shall be written in English, unless otherwise determined by the Administrator. If a Participant receives an Award Agreement, a copy of the Plan or any other documents related to an Award translated into a language other than English, and if the meaning of the translated version is different from the English version, the English version shall control.

(g) **Recovery of Amounts Paid**. Except as otherwise provided by the Administrator, Awards granted under the Plan shall be subject to any and all policies, guidelines, codes of conduct, or other agreement or arrangement adopted by the Board or Compensation Committee with respect to the recoupment, recovery or clawback of compensation (collectively, the "**Recoupment Policy**") and/or to any provisions set forth in the applicable Award Agreement under which Acreage may recover from current and former Participants any amounts paid or Subordinate Voting Shares issued under

an Award and any proceeds therefrom under such circumstances as the Administrator determines appropriate. The Administrator may apply the Recoupment Policy to Awards granted before the policy is adopted to the extent required by applicable law or rule of any securities exchange or market on which Subordinate Voting Shares are listed or admitted for trading, as determined by the Administrator in its sole discretion.

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Section 9: EX-10.2 (EXHIBIT 10.2)

OPTION AWARD AGREEMENT

ACREAGE HOLDINGS, INC.

This Award Agreement is entered into between Acreage Holdings, Inc. (the "**Corporation**") and the Participant named below, pursuant to the Corporation's Omnibus Incentive Plan dated November 14, 2018 (the "**Plan**"), a copy of which is attached hereto as Schedule "A", and confirms that on:

1. [●] (the "**Grant Date**"), [●] (the "**Participant**") was granted [●] Options ("**Awards**"), in accordance with the terms of this Award Agreement and subject to the provisions of the Plan.

2. The Awards will vest as follows:

Number & Type of Awards	Vesting On	Exercise Price (USD)	Expiry Date
[●] - Options	One-third on the first anniversary of [●]; the remaining two-thirds vests ratably over the subsequent eight quarters, as set forth on Schedule "B"	$[●]	[●]

all on the terms and subject to the conditions set out in the Plan.

3. By signing this agreement, the Participant:

   (a) acknowledges that he or she has read and understands the Plan, agrees with the terms and conditions thereof, which shall be deemed to be incorporated into and form part of this Award Agreement (subject to any specific variations contained in this Award Agreement);

   (b) acknowledges that he or she is responsible for paying any applicable taxes and withholding taxes arising from the exercise of any Award, as further described in Article 8 of the Plan;

   (c) agrees that an Award does not carry any voting rights until such time as the Award is exercised, settled or exchanged, as applicable, for voting securities of the Corporation;

   (d) acknowledges that the value of the Awards granted herein is in US$ denomination, and such value is not guaranteed;

   (e) recognizes that the value of an Award upon vesting, settlement and/or exercise, as applicable, is subject to stock market fluctuations;

   (f) recognizes that the Plan can be administered by a designee of the Compensation and Corporate Governance Committee (the "**Committee**") of the board of directors of the Corporation (the "**Board**") by virtue of Section 4(c) of the Plan and any communication from or to the designee shall be deemed to be from or to the Corporation;

(g) acknowledges that he or she has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and has taken the opportunity to obtain such independent legal advice or has elected not to do so, and fully understands all provisions hereof and the Plan; and

(h) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board or the Committee, if any, upon any questions arising under and matters concerning the Plan or this Award Agreement.

Notwithstanding any other arrangements between the Corporation and the Participant, in the event that the Participant's employment is terminated without cause or he or she resigns from his employment or office with the Corporation, he or she will forfeit all unvested Awards.

IN WITNESS WHEREOF the Corporation and the Participant have executed this Award Agreement as of _____, [●].

ACREAGE HOLDINGS, INC.

By: _____
Name:
Title:

_____
Name of Participant

_____
Signature of Participant

Note to Plan Participants

This Award Agreement must be signed where indicated and returned to the Corporation within 15 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your Awards.

Schedule “A”

Omnibus Incentive Plan

(attached)

Schedule "B"

Vesting Schedule

Vesting Date	Amount Vested
[●]	[●]
[●]	[●]
[●]	[●]
[●]	[●]
[●]	[●]
[●]	[●]
[●]	[●]
[●]	[●]
[●]	[●]
Total Options	[●]

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Section 10: EX-10.3 (EXHIBIT 10.3)

RESTRICTED STOCK UNIT AWARD AGREEMENT

ACREAGE HOLDINGS, INC.

This Award Agreement is entered into between Acreage Holdings, Inc. (the "**Corporation**") and the Participant named below, pursuant to the Corporation's Omnibus Incentive Plan dated November 14, 2018, as amended (the "**Plan**"), a copy of which is attached hereto as Schedule "A", and confirms that on:

1. [●] (the "**Grant Date**"), [●] (the "**Participant**") was granted [●]**Restricted Share Units** ("**Awards**"), in accordance with the terms of this Award Agreement and subject to the provisions of the Plan.

2. The Awards will vest as follows:

Number & Type of Awards	Vesting On	Fair Value on Grant Date	Expiry Date
[●] Restricted Stock Units	50% on the first anniversary of [●]; the remaining 50% vests ratably over the following four quarters (i.e., 12.5% of total grant per remaining quarter), as set forth on Schedule "B"	$[●]	None

all on the terms and subject to the conditions set out in the Plan.

3. By signing this agreement, the Participant:

   (a) acknowledges that he or she has read and understands the Plan, agrees with the terms and conditions thereof, which shall be deemed to be incorporated into and form part of this Award Agreement (subject to any specific variations contained in this Award Agreement);

   (b) acknowledges that he or she is responsible for paying any applicable taxes and withholding taxes arising from the exercise of

any Award, as further described in Article 8 of the Plan;

(c) agrees that an Award does not carry any voting rights until such time as the Award is exercised, settled or exchanged, as applicable, for voting securities of the Corporation;

(d) acknowledges that the value of the Awards granted herein is in US$ denomination, and such value is not guaranteed;

(e) recognizes that the value of an Award upon vesting, settlement and/or exercise, as applicable, is subject to stock market fluctuations;

(f) recognizes that the Plan can be administered by a designee of the Compensation and Corporate Governance Committee (the "**Committee**") of the board of directors of the Corporation (the "**Board**") by virtue of Section 4(c) of the Plan and any communication from or to the designee shall be deemed to be from or to the Corporation;

(g) acknowledges that he or she has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and has taken the opportunity to obtain such independent legal advice or has elected not to do so, and fully understands all provisions hereof and the Plan; and

(h) agrees to accept as binding, conclusive and final all decisions or interpretations of the Board or the Committee, if any, upon any questions arising under and matters concerning the Plan or this Award Agreement.

Notwithstanding any other arrangements between the Corporation and the Participant, in the event that the Participant's employment is terminated or he or she resigns from his or her employment or office with the Corporation, he or she will forfeit all unvested Awards.

IN WITNESS WHEREOF the Corporation and the Participant have executed this Award Agreement as of _____, [●].

ACREAGE HOLDINGS, INC.

By: _____
Name:
Title:

_____
Name of Participant

_____
Signature of Participant

Note to Plan Participants

This Award Agreement must be signed where indicated and returned to the Corporation within 15 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your Awards.

Schedule “A”

Omnibus Incentive Plan

(attached)

Schedule "B"

Vesting Schedule

Vesting Date	Amount Vested
[●]	[●]
[●]	[●]
[●]	[●]
[●]	[●]
[●]	[●]
Total RSUs	[●]

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Section 11: EX-10.4 (EXHIBIT 10.4)

DIRECTOR AND OFFICER INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (the "**Agreement"**) is made as of this 14th day of November, 2018, between Acreage Holdings, Inc. (the "**Corporation**"), a corporation existing under the *Business Corporations Act* (British Columbia) and [●] (**the "Indemnified Party**").

RECITALS:

A. The Board of Directors of the Corporation (the "**Board**") has determined that the Corporation should act to assure the Indemnified Party of reasonable protection through indemnification against certain risks arising out of service to, and activities on behalf of, the Corporation and its subsidiaries and affiliates to the extent permitted by law.

NOW THEREFORE the parties agree as follows:

1. **Indemnification.** The Corporation will, subject to Section 2, indemnify and save harmless the Indemnified Party and the heirs and legal representatives of the Indemnified Party to the fullest extent permitted by applicable law:

1.1 from and against all Expenses (as defined below) sustained or incurred by the Indemnified Party in respect of any civil, criminal, administrative, investigative or other Proceeding (as defined below) to which the Indemnified Party is involved in by reason of being or having been a director, officer and/or employee of the Corporation or any of its subsidiaries and/or affiliates; and

1.2 from and against all Expenses sustained or incurred by the Indemnified Party as a result of serving as a director, officer and/or employee of the Corporation, its subsidiaries and/or its affiliates in respect of any act, matter, deed or thing whatsoever made, done, committed, permitted, omitted or acquiesced in by the Indemnified Party as a director, officer and/or employee of the Corporation, its subsidiaries and/or its affiliates, whether before or after the effective date of this Agreement and whether or not related to a Proceeding.

"**Expenses**" means all costs, charges, damages, awards, settlements, liabilities, interest, judgments, fines, penalties, statutory obligations, professional fees and retainers and other expenses of whatever nature or kind, provided that any such costs, charges, professional fees and other expenses are reasonable.

"**Final Judgment or Award**" means a final judgment of an applicable court or final arbitration award of an applicable arbitration proceeding that has become non-appealable. For certainty, a final judgment of an applicable court or final arbitration award of an applicable arbitration proceeding becomes non-appealable for the purposes of this Agreement if it is not appealed by the parties to this Agreement within the prescribed time period for appeal.

"**Proceeding**" will include a claim, demand, suit, proceeding, inquiry, hearing, discovery or investigation, of whatever nature or kind, whether threatened, reasonably anticipated, pending, commenced, continuing or completed, and any appeal, and whether or not brought by the Corporation.

2. **Entitlement to Indemnification**

2.1 The rights provided to an Indemnified Party hereunder will, subject to applicable law, apply without reduction to an Indemnified Party provided that: (a) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation or other entity described in Section 2.3; (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the

Indemnified Party had reasonable grounds for believing that his or her conduct was lawful; and (c) in the case of claims by the Corporation or any subsidiary or affiliate of the Corporation for the forfeiture or recovery by the Corporation or any subsidiary or affiliate of the Corporation of bonuses or other compensation received by the Indemnified Party from the Corporation, (i) the Indemnified Party did not violate applicable laws related to the forfeiture and recovery by the Corporation or any subsidiary or affiliate of the Corporation of bonuses or other compensation ("**Compensation Laws**") and (ii) there are no grounds upon which the Corporation or any subsidiary or affiliate of the Corporation, as applicable, is entitled, in accordance with any applicable employment and compensation policies, agreements and arrangements ("**Compensation Arrangements**"), to effect forfeiture or recovery of bonuses or other compensation received by the Indemnified Party from the Corporation or any subsidiary or affiliate of the Corporation, as applicable.

2.2 Subject to Section 2.1, this indemnity will not apply to (a) claims initiated by the Indemnified Party against the Corporation or any subsidiary or affiliate of the Corporation except for claims relating to the enforcement of this Agreement; and (b) claims initiated by the Indemnified Party against any other person or entity unless the Corporation or other entity described in Section 2.3 has joined with the Indemnified Party in or consented to the initiation of that Proceeding.

2.3 The indemnities in this Agreement also apply to the Indemnified Party in respect of his or her service at the Corporation's request as (a) an officer, director or employee of another corporation; or (b) a similar role with another entity, including a partnership, trust, joint venture or other unincorporated entity. For the avoidance of doubt, the indemnities in this Agreement also apply to an Indemnified Party in respect of his or her service at the Corporation's request as an officer, director or employee of, or a similar role with, any subsidiary of the Corporation.

2.4 If prior court approval is required under applicable law in connection with any indemnification obligations of the Corporation under this Agreement, including but not limited to any claim for Expense Advances (as defined below), the Corporation will promptly seek at its sole expense and use all reasonable efforts to obtain that approval as soon as reasonably possible in the circumstances. The Corporation will also pay the expenses of the Indemnified Party, to the extent permitted by applicable law, in connection with any such approval process. The obligations of the Corporation under this Section 2.4 will apply, subject to applicable law, even if the position of the Corporation on the substantive right to indemnification is or may be that the Indemnified Party is not entitled to same.

2.5 If the Corporation proposes to deny all or part of any claim for indemnification hereunder, including but not limited to any claim for Expenses or Expense Advances, by the Indemnified Party on the basis that (a) the conditions of Section 2 (other than Section 2.2) are not met, or (b) the amount for which indemnification is being sought is not reasonable, and payment of such claim does not require prior court approval under applicable law, the Corporation will:

(i) promptly pay the indemnified amount claimed or, if the dispute concerns the reasonableness of the claim, pay the amount the Corporation, acting reasonably, believes to be reasonable in the circumstances, as if the Indemnified Party is entitled to indemnification hereunder, and

(ii) bring the matter before an arbitrator in accordance with Section 12 or, if required, a court of competent jurisdiction, at its own expense and use all reasonable efforts to obtain a Final Judgment or Award determining the question of entitlement to indemnification or the reasonableness of the claim, as the case may be, as soon as reasonably possible in the circumstances.

For certainty, the Corporation will continue to indemnify the Indemnified Party until a Final Judgment or Award on the Indemnified Party's entitlement to be indemnified or the reasonableness of the claim has been obtained.

2.6 The Indemnified Party will repay any amount paid hereunder if it is determined in a Final Judgment or Award that the conditions of Section 2 are not met, or the amount for which indemnification is being sought is not reasonable, and the amount must be repaid. Any amount to be repaid in accordance with the foregoing will bear interest from the date of advancement by the Corporation at the prime rate prescribed from time to time by the Royal Bank of Canada.

3. **Presumptions/Knowledge**

3.1 For purposes of any determination hereunder the Indemnified Party will be deemed to have acted honestly, in good faith, in the best interests of the Corporation or its subsidiary or affiliate, as applicable, with reasonable grounds for believing his or her conduct was lawful and in accordance with Compensation Laws and Compensation Arrangements unless and until a Final Judgment or Award has been rendered to the contrary. The Corporation or its applicable subsidiary or affiliate will have the burden of establishing the absence of honesty, good faith, failure to act in its best interests, lack of reasonable grounds for lawful conduct belief, or violation of Compensation Laws or Compensation Arrangements.

3.2 The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Corporation or any other entity will not be imputed to the Indemnified Party for purposes of determining the right to indemnification under this Agreement.

3.3 The Corporation will have the burden of establishing that any Expense it wishes to challenge is not reasonable.

4. **Notice by Indemnified Party.** As soon as is practicable, upon the Indemnified Party becoming aware of any Proceeding which may give rise to indemnification under this Agreement other than a Proceeding commenced by the Corporation, the Indemnified Party will give written notice to the Corporation. Failure to give notice in a timely fashion will not disentitle the Indemnified Party to indemnification, except and only to the extent that the Corporation demonstrates that the failure results in the forfeiture by the Corporation or any of its subsidiaries or affiliates of substantive rights or defences. Upon receipt of such notice, the Corporation will give prompt notice of the Proceeding to any applicable insurer from whom the Corporation has purchased insurance that may provide coverage to the Corporation, its applicable subsidiary or affiliate, or Indemnified Party in respect of the Proceeding.

5. **Investigation by Corporation.** The Corporation may conduct any investigation it considers appropriate of any Proceeding of which it receives notice under Section 4, and will pay all costs of that investigation. Upon receipt of reasonable notice from the Corporation, the Indemnified Party will, acting reasonably, cooperate fully with the investigation provided that the Indemnified Party will not be required to provide assistance that would prejudice: (a) his or her defence; (b) his or her ability to fulfill his or her business obligations; or (c) his or her business and/or personal affairs. The Indemnified Party will, for the period of time that he or she cooperates with the Corporation with respect to an investigation, be compensated by the Corporation in an amount per day (or partial day) equal to the daily average salary rate of the Indemnified Party as provided to the Corporation from time to time, plus out-of-pocket Expenses actually incurred by or on behalf of the Indemnified Party in connection therewith, provided that the Indemnified Party will not be entitled to the per diem if he or she is a full time employee of the Corporation or any of its subsidiaries on such day.

6. **Payment for Expenses of a Witness.** Notwithstanding any other provision of this Agreement, to the extent that the Indemnified Party is, by reason of the fact that the Indemnified Party is or was a director, officer or employee of the Corporation or another entity, or acting in a capacity similar to a director, officer or employee of another entity, at the Corporation's request, a witness or participant other than as a named party in a Proceeding, the Corporation will pay to the Indemnified Party all out-of-pocket Expenses actually and reasonably incurred by or on behalf of the Indemnified Party in connection therewith. The Indemnified Party will also be compensated by the Corporation in an amount per day (or partial day) equal to the daily average salary rate of the Indemnified Party as provided to the Corporation from time to time, provided that the Indemnified Party will not be entitled to the per diem if he is a full-time employee of the Corporation on such day.

7. **Expense Advances.** Subject to Section 2, the Corporation will, upon request by the Indemnified Party, make advances ("**Expense Advances**") to the Indemnified Party of all Expenses for which the Indemnified Party seeks indemnification under this Agreement before the final disposition of the relevant Proceeding. Expense Advances may include anticipated Expenses. In connection with such requests, the Indemnified Party will provide the Corporation with a written affirmation of the Indemnified Party's good faith belief that the Indemnified Party is legally entitled to indemnification in accordance with this Agreement, along with sufficient particulars of the Expenses to be covered by the proposed Expense Advance to enable the Corporation to make an assessment of its reasonableness. The Indemnified Party's entitlement to such Expense Advance will include those Expenses incurred in connection with any Proceeding by the Indemnified Party against the Corporation seeking an adjudication or award pursuant to this Agreement. The Corporation will make payment to the Indemnified Party within 10 days after the Corporation has received the foregoing information from the Indemnified Party. All Expense Advances for which indemnification is sought must relate to Expenses anticipated within a reasonable time of the request.

The Indemnified Party will repay to the Corporation all Expense Advances not actually required and will repay all Expense Advances if it is determined by a court of competent jurisdiction in a final judgment which has become non-appealable that the conditions of Section 2 are not met. If requested by the Corporation, the Indemnified Party will provide a written undertaking to the Corporation confirming the Indemnified Party's obligations under the preceding sentence as a condition to receiving an Expense Advance.

8. **Indemnification Payments.** Subject to Section 2 and with the exception of Expense Advances which are governed by Section 7, the Corporation will pay to the Indemnified Party any amounts to which the Indemnified Party is entitled hereunder promptly upon the Indemnified Party providing the Corporation with reasonable details of the claim.

9. **Right to Independent Legal Counsel.** If the Indemnified Party is named as a party or a witness to any Proceeding, or the Indemnified Party is questioned or any of his or her actions, omissions or activities are in any way investigated, reviewed or examined in connection with or in anticipation of any actual or potential Proceeding, the Indemnified Party will be entitled to retain independent legal counsel at the Corporation's expense to act on the Indemnified Party's behalf to provide an initial assessment to the Indemnified Party of the appropriate course of action for the Indemnified Party. The Indemnified Party will be entitled to continued representation by independent counsel at the Corporation's expense beyond the initial assessment unless the parties agree that there is no conflict of interest between the Corporation and the Indemnified Party that necessitates independent representation.

10. **Settlement.** The parties will act reasonably in pursuing the settlement of any Proceeding. The Corporation and its subsidiaries, as applicable, may not negotiate or effect a settlement of claims against the Indemnified Party without the consent of the Indemnified Party, acting reasonably; provided that if

the Indemnified Party does not consent to a settlement of claims against the Indemnified Part, the Corporation and its subsidiaries, as applicable, may nonetheless effect the settlement without the consent of the Indemnified Party, and on behalf of the Indemnified Party, if the settlement is expressly stated to impose no liability on the Indemnified Party and to be without any admission of liability or wrongdoing by the Indemnified Party.

11. **Directors' & Officers' Insurance.** The Corporation will ensure that its liabilities under this Agreement, and the potential liabilities of the Indemnified Party that are subject to indemnification by the Corporation pursuant to this Agreement, are at all times supported by a directors' and officers' liability insurance policy (the "**Policy**") that (a) has been approved by the Board, and (b) treats current and former directors equally and current and former officers equally. Without limiting the Corporation's obligations to indemnify the Indemnified Party under this Agreement, the Indemnified Party acknowledges that the Policy may contain certain limits and exclusions that could result in the directors and officers covered by the Policy not having sufficient coverage. As may be required by the Policy, the Corporation will immediately notify the Policy's insurers of any occurrences or situations that could potentially trigger a claim under the Policy and will promptly advise the Indemnified Party that the insurers have been notified of the potential claim. If the Corporation is sold or enters into any business combination or other transaction as a result of which the Policy is terminated and the Indemnified Party resigns or ceases to continue as an officer or director of the continuing entity, the Corporation will cause run off "tail" insurance to be purchased for the benefit of the Indemnified Party with substantially the same coverage for the balance of the 6-year term set out in Section 23 without any gap in coverage. The Corporation will provide to the Indemnified Party a copy of each policy of insurance providing the coverages contemplated by this Section promptly after coverage is obtained, and evidence of each annual renewal thereof, and will promptly notify the Indemnified Party if the insurer cancels, makes material changes to coverage or refuses to renew coverage (or any part of the coverage).

12. **Arbitration.** Except as otherwise required by applicable law, all disputes, disagreements, controversies or claims arising out of or relating to this Agreement, including, without limitation, with respect to its formation, execution, validity, application, interpretation, performance, breach, termination or enforcement will be determined by arbitration before a single arbitrator under the *Arbitration Act* (British Columbia). The arbitrator will be selected by the Corporation's accountant having regard to the nature of the dispute (legal, financial or other). If the Corporation's accountant is unable or unwilling to determine the arbitrator, each of the Corporation and the Indemnified Party will propose one arbitrator, the two arbitrators will propose a third, and the arbitration will be conducted by the arbitrators so chosen. If the two arbitrators are unable to determine a third arbitrator, either party may apply to a court of competent jurisdiction for an order appointing a third arbitrator. The arbitrator will determine the rules for the arbitration, including, based on the outcome of the arbitration, the breakdown between the Corporation and the Indemnified Party of the costs for conducting the arbitration.

13. **Tax Adjustment.** Should any payment made pursuant to this Agreement, including the payment of insurance premiums or any payment made by an insurer under an insurance policy, be deemed to constitute a taxable benefit or otherwise be or become subject to any tax or levy, then the Corporation, or a subsidiary of the Corporation, as applicable, will pay any amount necessary to ensure that the amount received by or on behalf of the Indemnified Party, after the payment of or withholding for tax, fully reimburses the Indemnified Party for the actual cost, expense or liability incurred by or on behalf of the Indemnified Party. However, the adjustment will not be made with respect to any compensation paid as a per diem to the Indemnified Party pursuant to Sections 5 or 6.

14. **Cost of Living Adjustment**. The per diem payable pursuant to Sections 5 and 6 will be adjusted to reflect changes from the date of this Agreement in the All-items Cost of Living Index for Toronto prepared by Statistics Canada or any successor index or government agency.

15. **Governing Law.** This Agreement will be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

16. **Priority and Term.** This Agreement will supersede any previous agreement between the Corporation and the Indemnified Party dealing with this subject matter, and will be deemed to be effective as of the date that is the earlier of (a) the date on which the Indemnified Party first became a director, officer or employee of the Corporation or a subsidiary of the Corporation; or (b) the date on which the Indemnified Party first served, at the Corporation's request, as a director, officer or employee, or an individual acting in a capacity similar to a director, officer or employee, of another entity.

17. **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 will nevertheless remain in full force and effect so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to the Indemnified Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto will 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 provisions of this Agreement are fulfilled to the fullest extent possible.

18. **Amendments.** No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party hereto, is binding unless executed in writing by the party to be so bound. For greater certainty, the rights of the Indemnified Party under this Agreement will not be prejudiced or impaired by permitting or consenting to any assignment in bankruptcy, receivership, insolvency or any other creditor's proceedings of or against the Corporation or by the winding-up or dissolution of the Corporation.

19. **Binding Effect; Successors and Assigns.** This Agreement will bind and enure to the benefit of the successors, heirs, executors, personal and legal representatives and permitted assigns of the parties hereto, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Corporation. The Corporation will require and cause any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, by written agreement in form and substance reasonably satisfactory to the Indemnified Party, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place. Subject to the requirements of this Section 19, this Agreement may be assigned by the Corporation to any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation provided that no assignment will relieve the assignor of its obligations hereunder. This Agreement may not be assigned by the Indemnified Party.

20. **Continuance.** The Corporation will give to the Indemnified Party 20 days notice of any application by the Corporation for a certificate of continuance or the equivalent thereof in any jurisdiction, indicating the jurisdiction in which it is proposed that the Corporation will be continued and the proposed date of continuance. Upon receipt of such notice, the Indemnified Party may require the Corporation to agree to such amendments to this Agreement as the Indemnified Party, acting reasonably, considers necessary or desirable in order to provide the Indemnified Party with a comprehensive indemnity under the laws of the proposed jurisdiction of continuance.

21. **Covenant.** The Corporation hereby covenants and agrees that it will not take any action, including, without limitation, the enacting, amending or repealing of any by-law, which would in any

manner adversely affect or prevent the Corporation's ability to perform its obligations under this Agreement.

22. **Parties to Provide Information and Cooperate.** The Corporation and the Indemnified Party will from time to time provide such information and cooperate with the other as the other may reasonably request in respect of all matters under the Agreement.

23. **Survival.** The obligations of the Corporation under this Agreement, other than Section 10, will continue until the later of (a) the longest period contemplated by any applicable statute of limitations after the Indemnified Party ceases to be a director, officer or employee of the Corporation or any other entity in which he serves in a similar capacity at the request of the Corporation and (b) with respect to any Proceeding commenced prior to the expiration of the period referred to in subsection (a) with respect to which the Indemnified Party is entitled to claim indemnification hereunder, one year after the final termination of that Proceeding. The obligations of the Corporation under Section 10 of this Agreement will continue for 6 years after the Indemnified Party ceases to be a director, officer or employee of the Corporation or any other entity in which he serves in a similar capacity at the request of the Corporation.

24. **Independent Legal Advice.** The Indemnified Party acknowledges that the Indemnified Party has been advised to obtain independent legal advice with respect to entering into this Agreement that the Indemnified Party has had sufficient opportunity to obtain such independent legal advice, and that the Indemnified Party is entering into this Agreement with full knowledge of the contents hereof, of the Indemnified Party's own free will and with full capacity and authority to do so.

25. **Execution and Delivery.** This Agreement may be executed by the parties in counterparts and may be executed and delivered by facsimile or other electronic communication and all such counterparts and facsimiles or other electronic documents together will constitute one and the same agreement.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

ACREAGE HOLDINGS, INC.

by: _____

Name: Kevin Murphy
Title: Chief Executive Officer
Authorized Signing Officer

Witness Signature	Indemnified Party Signature
Witness Signature	Indemnified Party Signature

Section 12: EX-10.6 (EXHIBIT 10.6)

FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF HIGH STREET CAPITAL PARTNERS, LLC

THIS FIRST AMENDMENT (this "Amendment") TO THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF HIGH STREET CAPITAL PARTNERS, LLC (the "Company") is made and entered into as of this 10th day of May, 2019, by and among the Manager and Acreage Holdings America, Inc. (the "Majority Member").

RECITALS

WHEREAS, the members of the Company (the "Members") originally entered into that certain Third Amended and Restated Limited Liability Company Agreement dated as of November 14, 2018 (the "LLC Agreement");

WHEREAS, pursuant to Section 16.03 of the LLC Agreement, the LLC Agreement may be amended by the consent of the Manager and Members holding a majority of the Common Units outstanding;

WHEREAS, the Majority Member holds approximately 74% of the outstanding Common Units of the Company;

WHEREAS, in accordance with Section 16.03 of the LLC Agreement the Majority Member and the Manager desire to amend the LLC Agreement as set forth herein; and

WHEREAS, except as specifically set forth in Section 3 of this Amendment, all other terms and conditions of the LLC Agreement remain in full force and effect.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Recitals. The above recitals are hereby incorporated into the substantive provisions of this Amendment by reference hereto.

2. Definition. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the LLC Agreement.

3. Amendments to LLC Agreement.

a. Section 3.02(c)(i). The second sentence of Section 3.02(c)(i) of the LLC Agreement is deleted in its entirety and is amended and restated as follows:

"The conversion of Class C-1 Units shall occur automatically after the close of business on the day which is the later of: (i) unless otherwise consented to by the Manager, 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; provided, however, if a Member requests the Manager consent to an earlier

conversion date as provided for by this sentence, and the Manager so consents, the effective date of such conversion shall be the date on which the Manager's consent is dated."

b. Section 11.01(a)(ii). Section 11.01(a)(ii) is deleted in its entirety and is amended and restated as follows:

"Unless otherwise consented to by the Manager, 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. Unless otherwise consented to by the Manager, 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."

4. Effect of this Amendment. Except as expressly amended by this Amendment, the LLC Agreement shall continue in full force and effect in accordance with the provisions thereof. All references in the LLC Agreement to "this Agreement" or words of similar import shall refer to the LLC Agreement as amended by this Amendment.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law.

6. Binding Effect. This Amendment shall inure to the benefit of and shall be legally binding upon the parties hereto and their respective successors, assigns, representatives and heirs.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon but all of which shall constitute one and the same instrument. This Amendment may be executed and delivered by facsimile or pdf and such facsimile or pdf shall be effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

MANAGER:

ACREAGE HOLDINGS AMERICA, INC.

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: Chief Executive Officer

MAJORITY MEMBER:

ACREAGE HOLDINGS AMERICA, INC.

By: /s/ Kevin Murphy
Name: Kevin Murphy
Title: Chief Executive Officer

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Section 13: EX-10.7 (EXHIBIT 10.7)

SECOND AMENDMENT TO
THIRD AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF HIGH STREET CAPITAL PARTNERS, LLC

THIS SECOND AMENDMENT (this "Amendment") TO THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF HIGH STREET CAPITAL PARTNERS, LLC (the "Company") is made and entered into as of this 27th day of June, 2019, by and between the Manager and Acreage Holdings America, Inc. (the "Majority Member").

RECITALS

WHEREAS, the members of the Company (the "Members") originally entered into that certain Third Amended and Restated Limited Liability Company Agreement dated as of November 14, 2018, as amended by that certain First Amendment to Third Amended and Restated Limited Liability Company Agreement dated as of May 10, 2019 (collectively the "LLC Agreement");

WHEREAS, in connection with that certain Arrangement Agreement dated as of April 18, 2019 (the "Arrangement Agreement") by and between Canopy Growth Corporation, a corporation existing under the laws of Canada, and Acreage Holdings, Inc., a corporation existing under the laws of the Province of British Columbia and the sole owner of the Manager and the Majority Member, as a condition to the completion of the arrangements, the Manager and the Majority Member are required to cause the amendment of the LLC Agreement in accordance with the principal terms as set forth in Exhibit 1 of the Arrangement Agreement;

WHEREAS, pursuant to Section 16.03 of the LLC Agreement, the LLC Agreement may be amended by the consent of the Manager and Members holding a majority of the Common Units outstanding;

WHEREAS, the Majority Member holds approximately 75% of the outstanding Common Units of the Company;

WHEREAS, in accordance with Section 16.03 of the LLC Agreement the Majority Member and the Manager desire to amend the LLC Agreement as set forth herein; and

WHEREAS, except as specifically set forth in Section 3 of this Amendment, all other terms and conditions of the LLC Agreement remain in full force and effect.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Recitals. The above recitals are hereby incorporated into the substantive provisions of this Amendment by reference hereto.
2. Definition. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the LLC Agreement.

3. Amendments to LLC Agreement. Effective Immediately prior to the Acquisition Effective Time (as defined in the Arrangement Agreement), the Fourth Amended and Restated Limited Liability Company Agreement of the Company, the form of which is attached hereto as Exhibit A, shall automatically amend and restate the LLC Agreement in its entirety, without any further action required by the Manager, the Majority Member or the Members.

4. Effect of this Amendment. Except as expressly amended by this Amendment, the LLC Agreement shall continue in full force and effect in accordance with the provisions thereof. All references in the LLC Agreement to "this Agreement" or words of similar import shall refer to the LLC Agreement as amended by this Amendment.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law.

6. Binding Effect. This Amendment shall inure to the benefit of and shall be legally binding upon the parties hereto and their respective successors, assigns, representatives and heirs.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon but all of which shall constitute one and the same instrument. This Amendment may be executed and delivered by facsimile, .pdf or other form of electronic transmission, and any signature page delivered by facsimile, .pdf or other form of electronic transmission shall be effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first above written.

MANAGER:

ACREAGE HOLDINGS AMERICA, INC.

By: /s/ Kevin Murphy

Name: Kevin Murphy

Title: Chief Executive Officer

MAJORITY MEMBER:

ACREAGE HOLDINGS AMERICA, INC.

By: /s/ Kevin Murphy

Name: Kevin Murphy

Title: Chief Executive Officer

EXHIBIT A

FOURTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

[See attached.]

FOURTH 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 [_____]

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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FOURTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
HIGH STREET CAPITAL PARTNERS, LLC, D/B/A ACREAGE HOLDINGS

This FOURTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "***Agreement***"), dated as of [_____] (the "***Effective Time***"), 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;

WHEREAS, the Company, the Manager and the Members entered into that certain Third Amended and Restated Limited Liability Company Agreement dated as of November 14, 2018, which was amended as of May 10, 2019 (the "***Prior Operating Agreement***"); and

WHEREAS, pursuant to Exhibit 1 of that certain arrangement agreement by and between Canopy Growth Corporation, a corporation existing under the laws of Canada ("***Pubco***"), and Acreage Holdings, Inc., a corporation existing under the laws of the Province of British Columbia ("***Acreage***"), dated as of April 18, 2019 (the "***Arrangement Agreement***"), the Company, the Manager and the Members desire to amend and restate the Prior Operating Agreement in its entirety as set forth in this Agreement, the provisions of which shall become effective immediately prior to the Effective Time (as defined herein).

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.

"***Acreage***" has the meaning set forth in the preamble to this Agreement.

"***Acreage Shares***" means the common shares of Acreage, as authorized in the constating documents of Acreage.

"***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.

"***Arrangement Agreement***" has the meaning set forth in the preamble to this Agreement.

"***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 actual taxable income of the Company, as determined for federal (and to the extent applicable state and local) income tax purposes, allocated to such Member pursuant to Section 5.05 for the applicable tax period to which the Assumed Tax Liability relates as reasonably determined for U.S. federal income tax purposes by the Manager; *provided* that such Assumed Tax Liability shall be reduced to take into account (i) adjustments to the tax basis of the Company's property pursuant to Code Sections 732, 734, 743 or similar provisions Code, (ii) 50% of all Deductible Losses arising in a taxable period (or portion thereof) ending before January 1, 2020, and 100% of all Deductible Losses arising in a taxable period (or portion thereof) beginning on or after January 1, 2020, in each case, previously allocated by the Company to any Class B Unitholder in respect of any interest in the Company (including, without limitation, Common Units) in excess of taxable income previously allocated by the Company to such Class B Unitholder in respect of any interest held in the Company (including, without limitation, Common Units) for all taxable periods (or portions thereof), and (iii) any other factor that would reduce the actual tax liabilities of such holder of a Class B Unit that are not otherwise described in this definition of "Assumed Tax Liability". 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 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 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.

"***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.

"***Cash Settlement***" means immediately available funds in U.S. dollars in an amount equal to the Redeemed Units Equivalent.

"***Class A Units***" has the meaning set forth in Section 3.02.

"***Class A Unitholder***" means a Member who is the registered holder of Class A Units.

"***Class B FMV***" means the volume weighted average price for a Pubco Share on the principal securities exchange on which the Pubco 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 Effective Time, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Pubco Shares. If the Pubco Shares no longer trade on a securities exchange or automated or electronic quotation system, then the Manager shall determine the Class B FMV in good faith.

"***Class B Option Consideration***" has the meaning set forth in Section 3.02(b).

"***Class B Preferred Return Base Amount***" means the Class B FMV relating to a Class B Unitholder's Company Interest in the Company immediately prior to the Effective Time; provided, however, that for these purposes, the Class B FMV shall assume that the Class B Unitholders immediately before the Effective Time converted all of their Units in the Company to Pubco Shares pursuant to the terms of this Agreement (and to the extent that any such Class B Unitholders were previously Class C-1 Unitholders, that such Class C-1 Unitholders converted first to Common Units pursuant to the Prior Operating Agreement and then immediately converted to Pubco Shares).

"***Class B Preferred Return Amount***" means a preferred return equal to the Secured Overnight Financing Rate as published on the date of the Effective Time multiplied by the Class B Preferred Return Base Amount.

"***Class B Unit Redemption Price***" means the volume weighted average price for a Pubco Share on the principal securities exchange on which the Pubco 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 Shares. If the Pubco Shares no longer trade on a securities exchange or automated or electronic quotation system, then the Manager shall determine the Class B Unit Redemption Price in good faith.

"***Class B Units***" has the meaning set forth in Section 3.02.

"***Class B Unitholder***" means a Member who is the registered holder of Class B Units.

"***Class C-1 Units***" means the Class C-1 Membership Units as defined in the Prior Operating Agreement, which for the avoidance of doubt shall cease to exist at the Effective Time.

"***Class C-1 Unitholder***" means a Member who was the registered holder of Class C-1 Units under 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 having the rights and obligations specified with respect to the Common Units in the Prior Operating Agreement (other than Class C-1 Units), which for the avoidance of doubt shall cease to exist at the Effective Time.

"***Company***" has the meaning set forth in the preamble 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).

"***CSE***" means the Canadian Securities Exchange, including any governmental body or agency succeeding to the functions thereof.

"***Deductible Losses***" means taxable losses of the Company that are generally deductible by a taxpayer subject to U.S. federal income taxation, but without regard to such taxpayer's particular circumstances.

"***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 actual combined effective federal, state and local tax rate applicable to individuals resident in San Francisco, California, in each case taking into account, without limitation, (a) the character of income allocated on the Class B Units and (b) deductibility of state and local taxes, to the extent actually deductible (including taking into account the impact of the "alternative minimum tax").

"***Effective Time***" has the meaning set forth in the preamble to this Agreement.

"***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.

"***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).

"***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 Class A Units and Class B Units, and the denominator of which is the sum of the total number of Class A Units and Class B Units issued and outstanding at such time.

"***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 preamble 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).

"***Pubco***" has the meaning set forth in the preamble to this Agreement, together with its successors and assigns.

"***Pubco Shares***" means the common shares of Pubco, as authorized in the constating documents of Pubco.

"***Quarterly Redemption Date***" means, for each quarter beginning with the first full quarter following the Effective Time, the latest to occur of either: (a) the second (2nd) Business Day after the date on which Pubco makes a public news release of its quarterly earnings for the prior quarter, (b) the first (1st) 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 Agreements, 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(a) 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 Class B 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 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.

"***Schedule of Members***" has the meaning set forth in Section 3.01(b).

"***Secured Overnight Financing Rate***" means the Secured Overnight Financing Rate (SOFR) published each Business Day by the Federal Reserve Bank of New York.

"***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 Shares equal to the number of Redeemed Units multiplied by 0.5818 (or such other number as adjusted in accordance with Arrangement Agreement). If the Pubco Shares are no longer traded on a securities exchange or automated or electronic quotation system, then the Manager shall determine the Share Settlement in good faith.

"***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 Agreements***" means collectively, (i) that certain support agreement by and between Acreage, USCo and the Company dated as of November 14, 2018, as amended from time to time, and (ii) that certain support agreement by and between Acreage and USCo2 dated as of November 14, 2018, as amended from time to 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 November 14, 2018, which was amended as of June 27, 2019, 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.

"***Trading Day***" means a day on which the principal securities exchange on which the Pubco 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 Member who is the registered holder of either Class A Units or Class B Units and any Member who is the registered holder of any other class of Units, if any.

"***Unvested Corporate Shares***" means Pubco 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 Articles***" means the Second Amended and Restated Articles of Incorporation of USCo2, dated on or about the Effective Time, as the same may be amended or modified from time to time.

"***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 Pubco 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 Fourth Amended and Restated Limited Liability Company 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 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. Interests in the Company shall be represented by Units, or such other Equity 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 Class A Units (the "***Class A Units***") and Class B Units (the "***Class B Units***"). In the event any Member holds Class C-1 Units immediately prior to the Effective Time, such Class C-1 Units shall be deemed to have automatically converted at such time into Common Units pursuant to the Prior Operating Agreement and such Member shall be issued Class B Units in place of such Common Units immediately after the Effective Time. 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.

(a) *Class A Units*. In addition to the other rights and obligations of Class A Unitholders hereunder, Class A Units shall entitle the holder of such Class A Units to (i) vote in all matters reserved to the Members by this Agreement or the Act, and (ii) to share in all Distributions from the Company, other than with respect to the Class B Units, as set forth herein.

(b) *Class B Units*. Class B Unitholders shall not be entitled to vote in any matters relating to the Company, unless otherwise reserved to the Members by the Act. In addition to the other rights and obligations of Class B Unitholders hereunder, Class B Units shall entitle the holder of such Class B Units to (i) Tax Distributions pursuant to Section 4.01(b), and (ii) a preferred return equal to the Class B Preferred Return Amount. The Class B

Preferred Return Amount shall not be required to be paid annually but shall accrue and become payable at the earlier of (x) the fifth (5th) anniversary of the Effective Time, or (y) a liquidation of, or a taxable sale of substantially all of the assets of, the Company. Upon the occurrence of an event referenced in clause (y) above, each Class B Unitholder shall also be paid such Class B Unitholder's Class B Preferred Return Base Amount, in addition to all of the outstanding, accrued and unpaid Class B Preferred Return Amount. On the seventh (7th) anniversary of the Effective Time, each Class B Unitholder may, at its option and in accordance with the notice and other procedural provisions set forth in Section 11.01(a) (the "***7 Year Put Option***"), sell all (but not less than all) of its Class B Units to the Company for an amount equal to such Class B Unitholder's Class B Preferred Return Base Amount plus any outstanding and accrued Class B Preferred Return Amount of such Class B Unitholder (the "***Class B Option Consideration***") and, upon the exercise of the 7 Year Put Option by any Class B Unitholder, the Company shall purchase all of such holder's Class B Units for the Class B Option Consideration. Notwithstanding anything herein to the contrary, no Class B Preferred Return Amount shall be due and payable with respect to such Class B Units pursuant this Section 3.02(b) at such time or times specified in this Section 3.02(b) unless such Class B Units remain issued and outstanding at such time or times and no Redemption or Direct Exchange of such Class B Units described in Article XI hereof has occurred.

(c) *Holders of USCo2 Class B Shares*. It is hereby understood and acknowledged by the Company and the Members that the holders of USCo2 Class B Shares are express third-party beneficiaries of the 7 Year Put Option, and as such, each holder of USCo2 Class B Shares, pursuant to the terms of the USCo2 Articles, shall have the right to sell all (but not less than all) of such holder's USCo2 Class B Shares directly to the Company in exchange for such holder's pro rata portion (calculated on the basis of the holders of USCo2 Class A Shares together with holders of USCo2 Class B Shares) of USCo2's total Class B Option Consideration.

Section 3.03 Recapitalization; Capital Contributions.

(a) *Recapitalization*. As of the Effective Time, the issued and outstanding Units of the Company 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 Class A Units and the Class B Units are hereby issued and outstanding as of the Effective Time (the "***Recapitalization***"). The outstanding Class A Units and Class B Units after giving effect to the Recapitalization, and the respective holders thereof as of the Effective Time, are reflected on the Schedule of Members. For the avoidance of doubt, only USCo shall be issued Class A Units in the Company; each other Member as of the Effective Time shall be issued Class B Units for such Member's Units immediately prior to the Effective Time.

(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 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 Agreements. The Manager shall be authorized to cause the Company to undertake all actions necessary or required by the Company under the Support Agreements including without limitation any reclassification, consolidation, split, distribution, or recapitalization, with respect to the Units, to maintain the same ratios between the number of outstanding Pubco Shares, the number of outstanding Acreage 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 Units issued and outstanding immediately prior to any such reclassification, consolidation, split, distribution, or recapitalization of shares at USCo, USCo2, Acreage or Pubco.

Section 3.05 Repurchase or Redemption of Pubco Shares or USCo2 Class B Shares.

(a) If, at any time, any Pubco 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 Acreage, USCo and USCo2 shall, immediately prior to such repurchase or redemption of Pubco Shares, redeem a proportionate number of shares of stock of each of Acreage, USCo and USCo2 held by Pubco or Acreage, as applicable, as the total number of shares of

stock of each of Acreage, USCo and USCo2 held by Pubco or Acreage, as applicable, bears to the total number of shares of stock of Acreage, USCo and USCo2 held by Pubco or Acreage, as applicable, at an aggregate redemption price equal to the aggregate purchase or redemption price of the Pubco Shares being repurchased or redeemed by Pubco (plus any expenses related thereto) and upon such other terms as are the same for the Pubco 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 Units held by each of USCo and USCo2 as the total number of Units held by each of USCo and USCo2 bears to the total number of Units held by USCo and USCo2, at an aggregate redemption price equal to the aggregate purchase or redemption price of the Pubco Shares being repurchased or redeemed by Pubco (plus any expenses related thereto) and upon such other terms as are the same for the Pubco 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 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 Unitholder. 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 Class B 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 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 Shares, or the issuance of Unvested Corporate Shares), whether taken with respect to or by an employee or other service provider of Pubco, Acreage, 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 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 Class A Unitholders 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 Class A Unitholders as of the close of business on such record date on a pro rata basis in accordance with each Class A Unitholders Percentage Interest relative to all other Class A Unitholders 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 3.02(b), 4.01(b) and 14.02 (with the Distributions of Section 4.01(b) taking priority to all other Distributions and the Distributions of Sections 3.02(b) and 14.02 taking priority to Distributions to this Section 4.01(a) for any year in which there is a liquidation of the Company or a sale of substantially all of the Company's assets, in such fiscal year, or on the fifth (5^{th}) or the seventh (7^{th}) anniversary of the Effective Time); 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 Class A Unitholder 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 Class A Unitholders pursuant to this Section 4.01(a) in such amounts as shall enable USCo to pay dividends or to meet its 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)). Notwithstanding

anything herein to the contrary, (i) no Distributions shall be made to the Class A Unitholders if such Distributions would render the Company unable to meet its obligations to the Class B Unitholders under Section 3.02 hereof, and (ii) at the Manager's sole discretion, the Company may make Distributions with respect to the Class B Preferred Return Amount in any Fiscal Year to the Class B Unitholders pro rata to their respective Class B Units.

(b) *Tax Distributions*.

(i) On or about each date that is five (5) Business Days prior to the due date for the U.S. federal income tax return of an individual calendar year taxpayer (without regard to extensions) (a "***Tax Distribution Date***"), 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 immediately preceding Fiscal Year over the Distributions previously made to such Member pursuant to this Section 4.01(b) with respect to such Fiscal Year (the "***Tax Distributions***"). Notwithstanding the foregoing, (i) the Manager may, in its sole discretion exercised in good faith and in lieu of such annual Tax Distributions described in the preceding sentence, make Distributions in cash to each Member on or before such dates on which estimated taxes are required to be paid with respect to a fiscal quarter (the amount of any such Distribution to be calculated by reference to the Assumed Tax Liability of a Member for any such fiscal quarter and reduced by any Distributions previously made to such member during such fiscal quarter); (ii) with respect to the Class B Unitholders the Tax Distributions shall be mandatory in all events unless such Tax Distribution would violate applicable Law, regardless of Distributable Cash, and not subject to the discretion of the Manager or any other person (and to the extent that such Tax Distribution does violate applicable Law, the parties will determine in good faith if there is a commercially reasonable manner to make such Distribution not in violation of applicable Law); and (iii) if on a Tax Distribution Date a person who was previously a Member is no longer a Member (a "Former Member"), Tax Distributions shall be made to such Former Member on the Tax Distribution Date to the extent such Former Member is allocated taxable income by the Company with respect to a prior taxable period (or portion thereof) for which such Former Member has not previously received a Tax Distribution.

(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. For the avoidance of doubt, nothing in this Agreement, including but not limited to this paragraph (ii), shall limit the Class B Unitholder's annual right to its Tax Distributions in every year, irrespective of Distributable Cash or the discretion of the Manager or any other person but only to the extent such Tax Distributions would not violate applicable Law (and to the extent that such Tax Distribution does violate applicable Law, the parties will determine in good faith if there is a commercially reasonable manner to make such Distribution not in violation of applicable Law).

(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. For the

avoidance of doubt, nothing in this Agreement, including but not limited to this paragraph (iii), shall limit the Class B Unitholder's annual right to its Tax Distributions in every year, irrespective of Distributable Cash or the discretion of the Manager or any other person but only to the extent such Tax Distributions would not violate applicable Law (and to the extent that such Tax Distribution does violate applicable Law, the parties will determine in good faith if there is a commercially reasonable manner to make such Distribution not in violation of applicable Law). 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).

(c) In connection with the Recapitalization, the Capital Accounts of the Unitholders will be revalued pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) to Fair Market Value (but for these purposes, utilizing the meaning of Fair Market Value with respect to the definition of Class B Preferred Return Amount). For the avoidance of doubt, it is the intention of the parties that the aggregate opening Capital Accounts of the Class B Unitholders shall equal the aggregate Class B Preferred Return Base Amount. It is further the intention of the parties that the Class B Unitholders shall not recognize any income or gain in connection with the Recapitalization and the terms of this Agreement shall interpreted consistently with such intent, including making allocations of items of gross income or loss to ensure that no net income or gain is recognized in connection with the Recapitalization, whether with respect to the year of the Recapitalization or thereafter.

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 Class A Unitholders pro rata in accordance with their respective Percentage Interests; provided, however, that prior to any allocations of Net Profits an amount of Net Profits equal to the Class B Preferred Amount from the current Fiscal Year and all previous Fiscal Years during which the Class B Preferred Return Amount accrued (but only to the extent Net Profits have not previously been allocated on such Class B Units on account of such accrued Class B Preferred Amount) shall be allocated among the Capital Accounts of the Class B Unitholders, pro rata to their respective number of Class B Units, until the amount of Net Profits allocated to the Class B Unitholders allocated pursuant to this proviso equals the aggregate Class B Preferred Return Amount for the current Fiscal Year and all previous Fiscal Years during which Class B Preferred Return Amount accrued; provided, further, that in no event shall Net Losses for any Fiscal Year be allocated to the Class B Unitholder, except as provided for in Section 5.03 (d).

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 Class A Unitholder 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 Class A Unitholders in accordance with their relative Percentage Interests, subject to this Section 5.03(d) and until the

Capital Account of each Class A Unitholders is zero, and thereafter, to the Class B Unitholders, pro rata to their number of Class B Units.

(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), provided, however, that the Class B Unitholders shall not be allocated any amount of taxable income or gain in excess of the accrued Class B Preferred Return Amount, pursuant to the proviso of Section 5.02.

(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), provided, however, that the Class B Unitholders shall not be allocated any amount of taxable income or gain in excess of the accrued Class B Preferred Return Amount, pursuant to the proviso of Section 5.02.

(d) Allocations of tax credits, tax credit recapture, and any items related thereto shall be allocated to the Class A Unitholders 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, provided, however, that the "excess nonrecourse liabilities" shall be allocated among the Class A Unitholders, except to the extent that an allocation of "excess nonrecourse liabilities" from a Class B Unitholder (prior to the Recapitalization) to Class A Unitholder (after the Recapitalization) results in the recognition of any income or gain for any Class B Unitholders, the Manager is authorized to allocate the "excess nonrecourse liabilities" using any method permitted under the applicable Treasury Regulations to minimize and eliminate the gain or income recognition by any Class B Unitholder.

(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. Notwithstanding anything herein to the contrary (and for avoidance of doubt, not limiting any rights of the Class B Unitholders under this Agreement), to the extent any Class B Unitholder is actually obligated to pay any such additional taxes pursuant to this Section 5.06 (except taxes (including penalties and interest) directly or indirectly attributable to such Class B Unitholder's failure to comply with (i) the provisions of this Agreement and/or (ii) any applicable Law), such Class B Unitholder shall be entitled to a Tax Distribution pursuant to Section 4.01(b) with respect to any income or gain allocated to it pursuant to any audit or other determination.

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.

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.

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 Acreage, USCo, USCo2 and the Company. In the event that Pubco 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 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 Acreage in proportion to the number that the Acreage Shares held by Pubco bears to the total number of Acreage Shares held by Pubco, in exchange for newly issued Acreage Shares the full amount for which such Pubco 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 Class A Units and Class B Units, respectively, the full amount for which such Pubco 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 or the Act, acts by the Members holding a majority of the Class A 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 (1st) 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) thirty (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, provided, however, at the written request of any Class B Unitholder, the Company shall use the interim closing of the books method with respect to such Class B Unitholder's allocation of taxable income, gain, loss or deduction with respect to its transferred Class B Units, but only to the extent the use of such method would not have a material and disproportionately adverse impact on any other Member or otherwise cause the Company to incur material, unreimbursed costs relative to another available method.

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, and shall not thereafter revoke such election. Each Member will upon request supply any information reasonably necessary to give proper effect to any such elections. Neither the Company, nor any Member, nor the Manager may take any action that would cause the Company (or successor in interest to the Company) to be taxed as other than a "partnership" for federal (and if applicable state and local) income tax purposes, including but not limited to by filing an IRS Form 8832, Entity Classification Election.

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. 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. 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 Acreage, 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 FOURTH 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 Assignor'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; COMPANY OR USCO OPTION

Section 11.01 Redemption Right of a Member.

(a) *Redemption Notice*.

(i) Subject to the provisions set forth in this Section 11.01, each Class B Unitholder (other than USCo2) shall be entitled (the "***Redemption Right***") to cause the Company to redeem its Class B Units at any time after the Effective Time, unless such Class B Unitholder has entered into a contractual lock-up agreement in connection with the Arrangement Agreement or otherwise and relating to the shares of Pubco that may be applicable to such Class B Unitholder, and then beginning on the date such lock-up agreement has been waived or terminated as it applies to such Class B Unitholder (the "***Redemption***"). A Class B Unitholder 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, to Acreage and to Pubco. The Redemption Notice shall specify the number of Class B 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 Class B Units equal to the difference (if any) between the number of Class B 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 receive the Share Settlement. 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 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 Shares or no such resale registration statement has yet become effective; (ii) if the Redemption is conditional on the resulting Pubco 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 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 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 Shares 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 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; or (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 (5^{th}) 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 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 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 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 Right 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 Class A 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 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 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's 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 (or any one of its Affiliates) 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.

Section 11.06 Company or USCo Option. On the third (3rd) anniversary of the Effective Time, the Company or USCo shall have an option, exercisable by written notice to each of the Class B Unitholders, to acquire all but not less than all of the outstanding Class B Units (other than those held by USCo2) for the Share Settlement and, upon the exercise of such option, the Company or USCo, as applicable, shall complete the exchange of such Class B Units for the Share Settlement as if each Class B Unitholder had exercised its Redemption Right pursuant to Section 11.01.

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) 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 (i) first to the Class B Unitholders, in an amount equal to their respective Class B Preferred Return Base Amount plus all outstanding an accrued Class B Preferred Return Amount, pro rata based on their Class B Units, and then (ii) the balance to the Class A Unitholders in accordance with their respective Percentage Interests at 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

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 14.02 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, of USCo2 or of Acreage; (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 not be amended or modified without the prior written consent of (a) Pubco, and (b) the Manager and Kevin Murphy for so long as Kevin Murphy is a Member, and in the event Kevin Murphy is no longer a Member, without the prior written consent of the Manager and the Members holding a majority of the Class B Units (other than USCo2). Notwithstanding the foregoing, no amendment or modification 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

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. For the avoidance of doubt, Pubco is an express third-party beneficiary to this Agreement, is entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

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 16.11 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 16.12 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 16.13 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 16.14 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 16.15 Entire Agreement. This Agreement, those documents expressly referred to herein (including the Support Agreements 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 16.16 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 16.17 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.

Section 16.18 Enactment. As evidenced by their execution of the Second Amendment to Third Amended and Restated Limited Liability Company Agreement of High Street Capital Partners, LLC, dated as of June 27, 2019, the Manager and Members holding a majority of the Common Units outstanding, on behalf of each Member, have adopted and approved this Agreement to be effective as of the Effective Time.

[*Remainder of page intentionally left blank*]

Exhibit A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of _____, 20__ (this "Joinder"), is delivered pursuant to that certain Fourth Amended and Restated Limited Liability Company Agreement, dated as of _____, 20__ (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 LLC 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:

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Section 14: EX-21.1 (EXHIBIT 21.1)

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

The following table lists the direct and indirect subsidiaries of Acreage Holdings, Inc. as of December 31, 2019.

Name of Subsidiary	Jurisdiction/State of Incorporation
1627 West Main, LLC	Rhode Island
22nd and Burn Inc. (d/b/a Cannablis & Co.)	Oregon
Acreage California Holding Company, LLC	California
Acreage CCF New Jersey, LLC	New Jersey
Acreage Chicago 1, LLC	Illinois
Acreage Compass, LLC	Georgia
Acreage Compassionate Care Holdings OK, LLC	Oklahoma
Acreage Compassionate Care OK, LLC	Oklahoma
Acreage Connecticut, LLC	Connecticut
Acreage Desert Hot Springs, LLC	Delaware
Acreage Florida 1, LLC	Florida
Acreage Florida, Inc. (d/b/a The Botanist)	Florida
Acreage Georgia LLC	Georgia
Acreage Grand Forks, LLC	North Dakota
Acreage Hoboken, LLC	New Jersey
Acreage Holdings America, Inc.	Nevada
Acreage Holdings of NJ, L.L.C.	New Jersey
Acreage Holdings WC, Inc.	Nevada
Acreage Illinois 1, LLC	Illinois
Acreage Illinois 2, LLC	Illinois
Acreage Illinois 3, LLC	Illinois
Acreage Illinois Holding Company, LLC	Delaware
Acreage Iowa, LLC	Iowa
Acreage IP California, LLC	California
Acreage IP Holdings, LLC	Nevada
Acreage IP Maryland, LLC	Maryland
Acreage IP Massachusetts, LLC	Massachusetts
Acreage IP Nevada, LLC	Nevada
Acreage IP New Jersey, LLC	New Jersey
Acreage IP New York, LLC	New York
Acreage IP North Dakota, LLC	North Dakota
Acreage IP Ohio, LLC	Ohio
Acreage IP Oregon, LLC	Oregon
Acreage IP Pennsylvania, LLC	Pennsylvania
Acreage Maryland, LLC	Maryland
Acreage Massachusetts, LLC	Delaware
Acreage Michigan 1, LLC	Michigan
Acreage Michigan 2, LLC	Michigan
Acreage Michigan 3, LLC	Michigan
Acreage Michigan 4, LLC	Michigan
Acreage Michigan 5, LLC	Michigan
Acreage Michigan 6, LLC	Michigan
Acreage Michigan 7, LLC	Michigan
Acreage Michigan Holding Company, LLC	Delaware
Acreage Michigan Operating, LLC	Michigan
Acreage Michigan, LLC	Michigan
Acreage Missouri, LLC	Missouri
Acreage New York, LLC	New York
Acreage North Dakota, LLC (d/b/a The Botanist)	Delaware
Acreage OK Holdings, LLC	Oklahoma
Acreage Oklahoma, LLC	Oklahoma
Acreage OZ RE, LLC	Delaware

Acreage PA Management, LLC	Pennsylvania
Acreage Pasadena, LLC	California
Acreage Properties, LLC	Delaware
Acreage RE State Holdings, LLC	Delaware
Acreage Real Estate Holdco, LLC	Delaware
Acreage Real Estate, LLC	Delaware
Acreage Relief Holdings OK, LLC	Oklahoma
Acreage Relief OK, LLC	Oklahoma
Acreage Transportation, LLC	Pennsylvania
Acreage Utah, LLC	Utah
Acreage Virginia, LLC	Virginia
Acreage Williston, LLC	North Dakota
Acreage-CCF, Inc.	New Jersey
Balaton Foods, LLC	Michigan
Braeburn, LLC	California
Community Administrative Services, LLC	Connecticut
D&B Wellness, LLC (d/b/a Compassionate Care Centers of CT)	Connecticut
East 11th Incorporated (d/b/a Cannablis & Co.)	Oregon
Form Factory Holdings, LLC	Delaware
Gesundheit Foods, LLC	Oregon
Granny Smith Co., LLC	Washington
Gravenstein Foods, LLC	California
Gruner Apfel LLC	Oregon
Gruner Apfel-CA, LLC	Oregon
High Street Capital Partners, LLC (d/b/a Acreage Holdings)	Delaware
HSC Solutions, LLC	Delaware
HSCP Holding Corporation	Delaware
HSCP Missouri, LLC	Missouri
HSCP Oregon, LLC (d/b/a Cannablis & Co.)	Oregon
HSCP Service Company Holdings, Inc.	Delaware
HSCP Service Company, LLC	Delaware
HSRC Norcal, LLC	California
Impire State Holdings LLC	New York
In Grown Farms LLC 2	Illinois
Kanna, Inc.	California
MA RMD SCVS, LLC	Massachusetts
Made by Science LLC	California
Maine HSCP, Inc	Maine
Maryland Medicinal Research & Caring, LLC (d/b/a The Botanist)	Maryland
NCC LLC (d/b/a Nature's Care Company)	Illinois
NCC Real Estate, LLC	Illinois
NY Medicinal Research & Caring, LLC	New York
NYCANNA, LLC (d/b/a The Botanist)	Delaware
Prime Alternative Treatment Center Consulting, LLC	New Hampshire
Prime Consulting Group, LLC	Massachusetts
Prime Wellness of Connecticut, LLC	Connecticut
Prime Wellness of Pennsylvania, LLC	Pennsylvania
Sancan, LLC	Missouri
South Shore Bio Pharma, LLC	Delaware
Thames Valley Apothecary, LLC (d/b/a Thames Valley Relief)	Connecticut
The Botanist, Inc.	Massachusetts
The Firestation 23 Inc. (d/b/a Cannablis & Co.)	Oregon
The Wellness & Pain Management Connection, LLC	Delaware

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Section 15: EX-23.1 (EXHIBIT 23.1)

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Acreage Holdings, Inc. on Form S-8 (File No. 333-229984) and Form F-10 (File No. 333-232313) of our report dated May 29, 2020 with respect to our audit of the consolidated financial statements of Acreage Holdings, Inc. as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017, which report is included in this Annual Report on Form 10-K of Acreage Holdings, Inc. for the year ended December 31, 2019.

Our report on the consolidated financial statements refers to a change in the method of accounting for leases effective January 1, 2019 due to the adoption of the guidance in ASC Topic 842, Leases.

/s/ Marcum LLP

Marcum LLP
New York, NY
May 29, 2020

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Section 16: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) Under the Securities and Exchange Act of 1934

I, Kevin P. Murphy, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2019 of Acreage Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed

under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 29, 2020

By: /s/ Kevin P. Murphy

Kevin P. Murphy

Chair and Chief Executive Officer

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Section 17: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) Under the Securities and Exchange Act of 1934

I, Glen S. Leibowitz, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2019 of Acreage Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 29, 2020

By: /s/ Glen S. Leibowitz

Glen S. Leibowitz

Chief Financial Officer

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Section 18: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

Certifications of the
Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and Chief Financial Officer of Acreage Holdings, Inc. (the "Company"), hereby certify, based on our knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kevin P. Murphy

Kevin P. Murphy
Chief Executive Officer

/s/ Glen S. Leibowitz

Glen S. Leibowitz
Chief Financial Officer

Date: May 29, 2020

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