FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Acreage Holdings, Inc. ("**Acreage**" or the "**Company**")
366 Madison Avenue, 11th Floor
New York, NY
10017

Item 2. Date of Material Change

June 24, 2020

Item 3. News Release

A news release announcing the material change described herein was disseminated via Canada Newswire and filed on SEDAR on June 25, 2020.

Item 4. Summary of Material Change

On June 24, 2020, the Company entered into a proposal agreement (the "**Proposal Agreement**") with Canopy Growth Corporation ("**Canopy Growth**"), which sets out, among other things, the terms and conditions upon which the parties are proposing to amend the Arrangement Agreement (as defined below) (the "**Amending Agreement**"), amend and restate the Existing Plan of Arrangement (as defined below) (the "**Amended Plan of Arrangement**") and implement the Amended Plan of Arrangement pursuant to the *Business Corporations Act* (British Columbia) (the "**Amended Arrangement**"). The effectiveness of the Amending Agreement and the implementation of the Amended Plan of Arrangement is subject to the conditions set out in the Proposal Agreement, including, among others, approval by: (i) the Supreme Court of British Columbia (the "**Court**") at a hearing upon the procedural and substantive fairness of the terms and conditions of the Amended Arrangement ("**Court Approval**"); and (ii) the shareholders of the Company as required by applicable corporate and securities laws. Upon receipt of Shareholder Approval (as defined below), Court Approval and the satisfaction of all other conditions set out in the Proposal Agreement, including the advance of US$50,000,000 to a subsidiary of the Company pursuant to the Loan (as defined below), the Company and Canopy Growth will enter into the Amending Agreement.

In connection with the implementation of the Amended Arrangement, Mr. Kevin Murphy ("**Mr. Murphy**") announced his resignation as Chief Executive Officer of the Company and the Company advised that a search for his successor will commence immediately. Mr. Murphy will continue to act as Chair of Acreage's board of directors (the "**Acreage Board**"). Director Bill Van Faasen was appointed as Acreage's Interim Chief Executive Officer until a permanent replacement has been identified.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

Because the Arrangement is a "business combination" under Multilateral Instrument 61-101 - *Takeover Bids and Special Transactions* ("**MI 61-101**"), the following disclosure is required to be included in this material change report.

(a) a description of the transaction and its material terms:

Background

As previously disclosed, the Company and Canopy Growth are parties to an arrangement agreement dated April 18, 2019, as amended on May 15, 2019 (the "**Arrangement Agreement**"). In accordance with the Arrangement Agreement, on June 27, 2019, the Company implemented the Existing Plan of Arrangement (as defined below) (the "**Existing Arrangement**") pursuant to which, among other things, the Company's articles were amended. As a result of the amendments to the Company's articles, upon the occurrence or waiver (at the discretion of Canopy Growth) of the Triggering Event (as defined below) and the satisfaction or waiver of certain closing conditions set out in the Arrangement Agreement, Canopy Growth will acquire all of the Company's issued and outstanding Class A subordinate voting shares (the "**Existing SVS**"), following the conversion of all other outstanding shares of the Company to Existing SVS, on the basis of 0.5818 of a common share of Canopy Growth (each whole share, a "**Canopy Growth Share**") for each Existing SVS, subject to adjustment in accordance with the terms of the Arrangement Agreement. Prior to the acquisition of the Existing SVS by Canopy Growth pursuant to the Existing Arrangement, each issued and outstanding Class C multiple voting share of the Company (the "**Existing MVS**") and each issued and outstanding Class B proportionate voting share of the Company (the "**Existing PVS**") will be converted into Existing SVS in accordance with their respective terms. The Existing Arrangement was implemented by way of a court-approved plan of arrangement (the "**Existing Plan of Arrangement**") under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") following approval by the shareholders of Canopy Growth and the Company on June 19, 2019. "**Triggering Event**" means the amendment of federal laws in the United States to permit the general cultivation, distribution and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States.

The Transaction

Proposal Agreement

On June 24, 2020, the Company entered into the Proposal Agreement with Canopy Growth, which sets out, among other things, the terms and conditions upon which the parties are proposing to amend the Arrangement Agreement, amend and restate the Existing Plan of Arrangement and implement the Amended Plan of Arrangement pursuant to the BCBCA. The effectiveness of the Amending Agreement and the implementation of the Amended Plan of Arrangement is subject to the conditions set out in the Proposal Agreement, including, among others, approval by: (i) the Court at a hearing upon the procedural and substantive fairness of the terms and conditions of the Amended Arrangement; and (ii) the shareholders of the Company as required by applicable corporate and securities laws. Upon receipt of Shareholder Approval, Court

Approval and the satisfaction of all other conditions set out in the Proposal Agreement, including the advance of US$50,000,000 to a subsidiary of the Company pursuant to the Loan, the Company and Canopy Growth will enter into the Amending Agreement.

The Company's shareholders will be asked to vote on a resolution (the "**Resolution**") to, among other things, approve: (i) the Amended Arrangement; (ii) the Amended Plan of Arrangement; and (iii) the second amended and restated equity incentive plan (as contemplated in the Proposal Agreement) (the "**Amended and Restated Omnibus Equity Incentive Plan**"), at a shareholder meeting to be called for such purpose (the "**Meeting**"). The Company will use commercially reasonable efforts to schedule the Meeting as soon as reasonably practicable following the clearance by the Securities and Exchange Commission (the "**SEC**") of the Company's proxy statement to be delivered to the Company's shareholders in connection with the Meeting and receipt of the interim Court order in respect thereof. The Amending Agreement and the implementation of the Amended Arrangement is conditioned on the adoption of the Resolution by: (i) the affirmative vote of holders of two-thirds of the shares of the Company who vote (in person or by proxy) at the Meeting; (ii) the affirmative vote of disinterested holders of a majority of the shares of the Company in accordance with MI 61-101 on a class basis (unless exemptive relief is obtained from the applicable Canadian securities regulatory authorities); and (iii) "minority approval" as such term is defined in Ontario Securities Commission Rule 56-501 – Restricted Shares (the "**Shareholder Approval**"). At this time, we anticipate that Mr. Murphy will be an "interested party" and precluded from voting for purposes of the shareholder approvals required by (ii) and (iii) above.

The effectiveness of the Amending Agreement and the implementation of the Amended Arrangement is also subject to: (i) no law being in effect or proceeding having been taken that makes the consummation of the Amended Arrangement illegal or otherwise, directly or indirectly, prohibits or enjoins the Company or Canopy Growth from consummating the Amended Arrangement; (ii) the execution of the Amending Agreement; (iii) all amendments to the Tax Receivable Agreement, the Tax Receivable Bonus Plan, the Tax Receivable Bonus Plan 2, the High Street Operating Agreement, the USCo2 Constating Documents (each as defined in the Arrangement Agreement), the coattail agreement entered into by Mr. Murphy in respect of his Existing MVS and the Lock-up and Incentive Agreements (as defined in the Arrangement Agreement) as determined by Acreage to be necessary, acting reasonably, to: (a) ensure that the terms of the Amended Plan of Arrangement can be carried out as contemplated therein; (b) provide that Mr. Murphy will continue indefinitely (and regardless of whether Mr. Murphy ceases to be a director of Acreage) as the administrator of the Tax Receivable Bonus Plan and the Tax Receivable Bonus Plan 2; (c) enable the acceleration of vesting of awards provided to the Specified Individuals (as defined below); (d) enable Mr. Murphy's existing Acreage restricted share units (including any replacements thereof pursuant to the Amended Plan of Arrangement) to vest in accordance with the terms thereof regardless of Mr. Murphy ceasing to be an employee or officer of Acreage, provided that Mr. Murphy remains a director of Acreage; and (e) make any other changes that the Company and Canopy Growth may mutually agree, acting reasonably, is advisable or necessary in order to carry out the purpose and intention of the transactions contemplated in the Proposal Agreement and the Amended Plan of Arrangement; (iv) the credit agreement dated March 6, 2020 between Acreage Finance Delaware, LLC, as borrower, and Acreage IP Holdings, LLC, Prime Wellness of Connecticut, LLC, D&B Wellness, LLC and Thames Valley Apothecary, LLC, as guarantors, and IP Investment Company, LLC, as lender, administrative agent and collateral agent (the "**Credit**

Agreement") being amended on terms satisfactory to the Company and Canopy Growth, each acting reasonably; (v) the approval of the listing of the Fixed Shares (as defined below) and the Floating Shares (as defined below) on the Canadian Securities Exchange, subject to customary conditions; (vi) the exemption of the Canopy Growth securities issued and issuable pursuant to the Amended Plan of Arrangement from registration requirements of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"); (vii) dissent rights not having been exercised with respect to more than 5% of the issued and outstanding shares of the Company; (viii) US$50,000,000 will have been advanced to Canopy Growth's counsel in trust for the benefit of a subsidiary of the Company in connection with the Debenture (to be released at the Amendment Time (as defined below)); and (ix) other closing conditions, including the other party's compliance, in all material respects, with its covenants contained in the Proposal Agreement.

Each of the Company and Canopy Growth has made certain representations and warranties and agreed to certain covenants in the Proposal Agreement, including covenants regarding the conduct of their respective businesses prior to the Amendment Time (as defined below) that are in addition to the covenants contained in the Arrangement Agreement. In particular, the Proposal Agreement sets forth, among other things: (i) certain financial reporting obligations of the Company during the period commencing on execution of the Proposal Agreement until the earlier of the termination of the Proposal Agreement or the implementation of the Amended Arrangement (the "**Interim Period**"); (ii) certain restrictions on the Company's ability to issue any securities or incur any debt obligations during the Interim Period; (iii) a business plan for the Company for each fiscal year ended December 31, 2020 through to December 31, 2029 (the "**Initial Business Plan**") and a requirement for the Company to conduct its business in accordance with the Initial Business Plan; and (iv) limitations on any public communication made by the Company during the Interim Period.

The Proposal Agreement contains certain termination rights, including: (i) in favor of both the Company and Canopy Growth, in the event that the Shareholder Approval is not obtained at the Meeting; or (ii) in favor of Canopy Growth in the event that the Acreage Board determines, in accordance with the Proposal Agreement to make a Change in Recommendation (as defined in the Proposal Agreement). The Proposal Agreement further provides that, upon termination of the Proposal Agreement following a Change in Recommendation, the Company will be required to pay an expense reimbursement to Canopy Growth in the amount of US$3,000,000; provided, however, that the Company will not be required to make this payment if the Change in Recommendation was the result of a Purchaser Material Adverse Effect (as defined in the Arrangement Agreement).

The foregoing summary of the Proposal Agreement and the transactions contemplated thereby does not purport to be a complete description of all the parties' rights and obligations under the Proposal Agreement and is qualified in its entirety by reference to the Proposal Agreement, a copy of which has been filed on the Company's SEDAR profile at www.sedar.com and with the SEC and available on EDGAR at www.sec.gov/edgar. The representations, warranties and covenants contained in the Proposal Agreement were made only for purposes of that agreement and as of specific dates, were solely for the benefit of the parties to the Proposal Agreement, may be subject to limitations agreed upon by the parties and may be subject to standards of materiality applicable to the parties that differ from those applicable to investors.

Amending Agreement and Amended Plan of Arrangement

Upon satisfaction or waiver of the conditions set out in the Proposal Agreement, the Amending Agreement and the Amended Plan of Arrangement will be effective at 12:01 a.m. (Vancouver time) or such other time as the parties may mutually agree (the "**Amendment Time**") on the date that the Amended Plan of Arrangement becomes effective (the "**Amendment Date**"). Pursuant to the Amended Plan of Arrangement, at the Amendment Time, Canopy Growth will make a cash payment of US$37,500,024 to the shareholders of the Company and certain holders of securities convertible or exchangeable into shares of the Company and the Company will complete a capital reorganization (the "**Capital Reorganization**") whereby: (i) each Existing SVS will be exchanged for 0.7 of a Class E subordinate voting share (each whole share, a "**Fixed Share**") and 0.3 of a Class D subordinate voting share (each whole share, a "**Floating Share**"); (ii) each Existing PVS will be exchanged for 28 Fixed Shares and 12 Floating Shares; and (iii) each Existing MVS will be exchanged for 0.7 of a new multiple voting share (each whole share, a "**Fixed Multiple Share**") and 0.3 of a Floating Share. No fractional Fixed Shares, Fixed Multiple Shares or Floating Shares will be issued pursuant to the Capital Reorganization. Each Fixed Multiple Voting Share will be entitled to 4,300 votes at all meetings of the Company's shareholders with each Fixed Share and each Floating Share will be entitled to one vote per share at such meetings.

At the Amendment Time, on the terms and subject to the conditions of the Amended Plan of Arrangement, each option, restricted share unit, compensation option and warrant to acquire Existing SVS that is outstanding immediately prior to the Amendment Time, will be exchanged for a replacement option, restricted stock unit, compensation option or warrant, as applicable, to acquire Fixed Shares (a "**Fixed Share Replacement Security**") and a replacement option, restricted stock unit, compensation option or warrant, as applicable, to acquire Floating Shares (a "**Floating Share Replacement Security**") in order to account for the Capital Reorganization.

Any Existing SVS or Existing PVS in respect of which dissent rights have been properly exercised and not withdrawn pursuant to the BCBCA, will be entitled to be paid the fair value of such shares in accordance with the BCBCA, as modified by the Amended Plan of Arrangement and the interim order and final order of the Court.

Pursuant to the Amended Plan of Arrangement, upon the occurrence or waiver (at the discretion of Canopy Growth) of the Triggering Event (the "**Triggering Event Date**"), Canopy Growth will, subject to the satisfaction or waiver of certain closing conditions set out in the Arrangement Agreement: (i) acquire all of the issued and outstanding Fixed Shares (following the mandatory conversion of the Fixed Multiple Shares into Fixed Shares) on the basis of 0.3048 of a Canopy Growth Share (the "**Exchange Ratio**") for each Fixed Share held at the time of the acquisition of the Fixed Shares (the "**Acquisition Time**"), subject to adjustment in accordance with the terms of the Amended Plan of Arrangement (the "**Canopy Call Option**"); and (ii) have the right (but not the obligation) (the "**Floating Call Option**"), exercisable for a period of 30 days following the Triggering Event Date to acquire all of the issued and outstanding Floating Shares at a price to be determined based upon the fair market value of the Floating Shares relative to the Canopy Growth Shares on the Triggering Event Date, subject to (a) a minimum price of US$6.41; and (b) adjustment in accordance with the terms of the Amended Plan of Arrangement (the "**Floating Ratio**"), to be payable, at the option of Canopy Growth, in cash or Canopy Growth Shares. The closing of the acquisition of the

Floating Shares pursuant to the Floating Call Option, if exercised, will take place concurrently with the closing of the acquisition of the Fixed Shares pursuant to the Canopy Call Option, if exercised. No fractional Canopy Growth Shares will be issued pursuant to the Amended Plan of Arrangement. The Canopy Call Option and the Floating Call Option will expire 10 years from the Amendment Time.

At the Acquisition Time, on the terms and subject to the conditions of the Amended Plan of Arrangement, each Fixed Share Replacement Security will be exchanged for a replacement option, restricted stock unit, compensation option or warrant, as applicable, to acquire from Canopy Growth such number of Canopy Growth Shares as is equal to: (i) the number of Fixed Shares that were issuable upon exercise of such Fixed Share Replacement Security immediately prior to the Acquisition Time, multiplied by (ii) the Exchange Ratio in effect immediately prior to the Acquisition Time (provided that if the foregoing would result in the issuance of a fraction of a Canopy Growth Share, then the number of Canopy Growth Shares to be issued will be rounded down to the nearest whole number).

In the event that the Floating Call Option is exercised and Canopy Growth acquires the Floating Shares at the Acquisition Time, on the terms and subject to the conditions of the Amended Plan of Arrangement, each Floating Share Replacement Security will be exchanged for a replacement option, restricted stock unit, compensation option or warrant, as applicable, to acquire from Canopy Growth such number of Canopy Growth Shares as is equal to: (i) the number of Floating Shares that were issuable upon exercise of such Floating Share Replacement Security immediately prior to the Acquisition Time, multiplied by (ii) the Floating Ratio (provided that if the foregoing would result in the issuance of a fraction of a Canopy Growth Share, then the number of Canopy Growth Shares to be issued will be rounded down to the nearest whole number).

In the event that the Floating Call Option is exercised and Canopy Growth acquires the Floating Shares at the Acquisition Time, the Company will be a wholly-owned subsidiary of Canopy Growth.

If executed, the Amending Agreement will provide for, among other things: (i) the implementation of the Amended Plan of Arrangement; and (ii) amendments to the definition of Purchaser Approved Share Threshold (as defined in the Arrangement Agreement) to change the number of shares of the Company available to be issued by the Company without an adjustment in the Exchange Ratio such that, following the Amendment Time, the Company may issue a maximum of 32,700,000 shares (or convertible securities in proportion to the foregoing), which will include (a) 3,700,000 Floating Shares which are to be issued solely in connection with the exercise of stock options granted to management of the Company (the "**Option Shares**"); (b) 8,700,000 Floating Shares other than the Option Shares; and (c) 20,300,000 Fixed Shares. Notwithstanding the foregoing, the Amending Agreement provides that the Company may not issue any equity securities, without Canopy Growth's prior consent, other than: (i) upon the exercise or conversion of convertible securities outstanding as of the Amendment Date; (ii) contractual commitments existing as of the Amendment Date; (iii) the Option Shares; (iv) the issuance of up to US$3,000,000 worth of Fixed Shares pursuant to an at-the-market offering to be completed no more than four times during any one-year period; (v) the issuance of up to 500,000 Fixed Shares in connection with debt financing transactions that are otherwise in compliance with the terms of the Arrangement Agreement, as amended by the Amending Agreement; or (vi) pursuant to

one private placement or public offering of securities during any one-year period for aggregate gross proceeds of up to US$20,000,000, subject to specific limitations as set out in the Amending Agreement.

In addition, the Amending Agreement will provide for, among other things: (i) various Canopy Growth rights that extend beyond the Acquisition Date and continue until the earlier of the date on which the Floating Shares are acquired by Canopy Growth or Canopy Growth no longer controls 35% of the issued and outstanding shares of Acreage (such date being the "**End Date**"), including, among others, rights to nominate a majority of the Acreage Board following the Acquisition Time, restrictions on the Company's ability to incur certain indebtedness without Canopy Growth's consent; (ii) restrictive covenants in respect of the business conduct in favor of Canopy Growth; (iii) termination of non-competition and exclusivity rights granted to the Company by Canopy Growth in the Arrangement Agreement in the event that the Company does not meet certain specified financial targets on an annual basis during the term of the Canopy Call Option as further described below; (iv) implementation of further restrictions on the Company's ability to operate its business, including its ability to hire certain employees or make certain payments or incur any non-trade-payable debt without Canopy Growth's consent in the event that the Company does not meet certain specified financial targets on a quarterly basis during the term of the Canopy Call Option as further described below; and (v) termination of the Arrangement Agreement and Canopy Growth's obligation to complete the acquisition of the Fixed Shares pursuant to the Canopy Call Option in the event that the Company does not meet certain specified financial targets in the trailing 12 month period as further described below. Each of the financial targets referred to above is specified in the Amending Agreement and related to the performance of the Company relative to the Initial Business Plan.

The Amending Agreement precludes the Company from entering into any contract in respect of Company Debt (as defined in the Arrangement Agreement) if, among other restrictions: (i) such contract would be materially inconsistent with market standards for companies operating in the United States cannabis industry; (ii) such contract prohibits a prepayment of the principal amount of such Company Debt, requires a make-whole payment for the interest owing during the remainder of the term of such contract or charges a prepayment fee in an amount greater than 3.0% of the principal amount to be repaid; (iii) such contract would provide for interest payments to be paid through the issuance of securities as opposed to cash; or (iv) such contract has a principal amount of more than US$10,000,000 or a Cost of Capital (as defined in the Amending Agreement) that is greater than 30.0% per annum; provided that, if such Company Debt is fully secured by cash in a blocked account, the Cost of Capital may not be greater than 3.0% per annum. Notwithstanding the foregoing, Canopy Growth's consent will not be required for the Company or any of its subsidiaries to enter into a maximum of two transactions for Company Debt during any one-year period, in accordance with the following terms: (i) the principal amount of the Company Debt per transaction may not exceed US$10,000,000, (ii) the Company Debt is not convertible into any securities; and (iii) the contract does not provide for the issuance of more than 500,000 shares of the Company (or securities convertible into or exchangeable for 500,000 shares of the Company).

If executed, the Amending Agreement will also provide for certain financial reporting obligations and that the Company may not nominate or appoint any new director or appoint any new officer that does not meet certain specified criteria. The Amending

Agreement will also require the Company to submit a business plan to Canopy Growth on a quarterly basis that complies with certain specified criteria, including the Initial Business Plan. In the event that the Company has not satisfied: (i) 90% of the minimum revenue and earnings targets set forth in the Initial Business Plan measured on a quarterly basis, certain additional restrictive covenants will become operative as austerity measures for the Company's business; (ii) 80% of the minimum revenue and earnings targets set forth in the Initial Business Plan, as determined on an annual basis, certain restrictive covenants applicable to Canopy Growth under the Arrangement Agreement will cease to apply in order to permit Canopy Growth to acquire, or conditionally acquire, a competitor of the Company in the United States should it wish to do so; and (iii) 60% of the minimum revenue and earnings targets set forth in the Initial Business Plan for the trailing 12 month period ending on the date that is 30 days prior to the proposed Acquisition Time, a material adverse impact will be deemed to have occurred for purposes of Section 6.2(2)(h) of the Arrangement Agreement and Canopy Growth will not be required to complete the acquisition of the Fixed Shares pursuant to the Canopy Call Option.

The Amending Agreement also requires the Company to limit its operations to the Identified States (as defined in the Amending Agreement). In connection with the execution of the Proposal Agreement, the Company was provided with consent from Canopy Growth to divest of all assets outside of the Identified States (the "**Non-Core Divestitures**").

In addition, the Amending Agreement includes certain covenants that will apply following the Acquisition Time until the End Date. Such covenants include, among others, pre-emptive rights and top-up rights in favour of Canopy Growth, restrictions on M&A activities, approval rights for the Company's quarterly business plan, nomination rights for a majority of the directors on the Acreage Board and certain audit and inspection rights.

The foregoing summary of the Amending Agreement and the Amended Plan of Arrangement attached as a schedule thereto and the transactions contemplated thereby does not purport to be a complete description of all the parties' rights and obligations under the Amending Agreement and the Amended Plan of Arrangement attached as a schedule thereto and is qualified in its entirety by reference to the Amending Agreement and the Amended Plan of Arrangement attached as a schedule to the Proposal Agreement, a copy of which has been filed on the Company's SEDAR profile at www.sedar.com and with the SEC and available on EDGAR at www.sec.gov/edgar.

A&R License

Concurrent with the execution of the Proposal Agreement, on June 24, 2020, the Company, Canopy Growth, TS Brandco Inc. ("**TS Brandco**") and Tweed Inc. ("**Tweed**") entered into an amended and restated license agreement (the "**A&R License**") which amends and restates the intellectual property and trademark license agreement, dated as of June 27, 2019. Pursuant to the A&R License, TS Brandco and Tweed (together, the "**Licensors**") and Canopy Growth will provide the Company with the non-exclusive right (but not the obligation) to use and sublicense within the United States of America, its territories and possessions, and the District of Columbia (the "**Territory**") (i) each Licensor's unique plans and systems for the establishment and operation of retail stores (the "**Systems**"); (ii) the Licensor's respective trademarks and

trade names, whether registered or unregistered, and such other trademarks and trade names which may be designated in writing by a Licensor or Canopy Growth (the "**Trademarks**"); and (iii) certain other intellectual property ("**Intellectual Property**").

The Company is required to comply with the specifications and service and quality standards of Canopy Growth and/or the Licensors, as may be updated from time to time and to ensure that any sublicensees comply with their obligations under the A&R License. The Company's use of the Intellectual Property, Systems, and Trademarks must be in compliance with all applicable laws, with certain exceptions. The A&R License provides that, following the Acquisition Time, the Company will pay a royalty to Canopy Growth equal to a percentage of all gross revenue generated by the Company as a result of the use of the rights granted pursuant to the A&R License.

The A&R License will expire at the earlier of: (i) June 24, 2030; or (ii) the termination of the A&R License in accordance with its terms. The Company will also have the option to renew the term of the License Agreement for seven additional five year terms, provided that the Company is in compliance with the material terms of the A&R License at the time of renewal. The A&R License may be terminated prior to its completion by Canopy Growth in certain circumstances, including: (i) upon 12 months' prior written notice; (ii) if Canopy Growth is the subject of any regulatory investigation related to possible violations of applicable law arising from the A&R License; (iii) if termination is required by applicable law (subject to certain exceptions); (iv) if the Company has breached any material term of the Arrangement Agreement and the Company fails to cure such breach; or (v) if the Arrangement Agreement is terminated. The A&R License Agreement also includes customary representations and warranties and covenants of each of Canopy Growth, the Licensors and the Company.

The foregoing summary of the A&R License does not purport to be a complete description of all the parties' rights and obligations under the A&R License and is qualified in its entirety by reference to the A&R License, a copy of which is attached as a schedule to the Proposal Agreement, a copy of which has been filed on the Company's SEDAR profile at www.sedar.com and with the SEC and available on EDGAR at www.sec.gov/edgar. The representations, warranties and covenants contained in the A&R License were made only for purposes of that agreement and as of specific dates, were solely for the benefit of the parties to the A&R License, may be subject to limitations agreed upon by the parties and may be subject to standards of materiality applicable to the parties that differ from those applicable to investors.

Debenture

As a condition to implementation of the Amended Arrangement, an affiliate of Canopy Growth (the "**Lender**") will provide a loan of up to US$100,000,000 (the "**Loan**") to an affiliate of the Company that operates solely in the hemp industry in full compliance with all applicable laws (the "**Borrower**") pursuant to a secured debenture (the "**Debenture**").

The Loan will be advanced in two tranches as follows: (i) US$50,000,000 on the Amendment Date (the "**Initial Advance**"); and (ii) US$50,000,000 in the event that the following conditions, among others, are satisfied: (a) the Borrower's EBITDA (as defined in the Debenture) for any 90 day period is greater than or equal to 2.0 times the interest costs associated with the Initial Advance; and (b) the Borrower's business plan

for the 12 months following the applicable 90 day period supports an Interest Coverage Ratio (as defined in the Debenture) of at least 2.00:1.

The principal amount of the Loan will bear interest from the date of advance, compounded annually, and be payable on each anniversary of the date of the Debenture in cash in U.S. dollars at a rate of 6.1% per annum. The Loan will mature 10 years from the date of the Initial Advance.

The Loan must be used exclusively for U.S. hemp-related operations and on the express condition that such amount will not be used, directly or indirectly, in connection with or for the operation or benefit of any of the Borrower's affiliates other than subsidiaries of the Borrower exclusively engaged in U.S. hemp-related operations and not directly or indirectly, towards the operation or funding of any activities that are not permissible under applicable law. The Loan proceeds must be segregated in a distinct bank account and detailed records of debits to such distinct bank account will be maintained by the Borrower.

No payment due and payable to the Lender by the Borrower pursuant to the Debenture may be made using funds directly or indirectly derived from any cannabis or cannabis-related operations in the United States, unless and until the Triggering Event Date.

The Debenture will include usual and typical events of default for a financing of this nature, including, without limitation, if (i) the Company is in breach or default of any representation or warranty in any material respect pursuant to the Arrangement Agreement, as amended by the Amending Agreement, (ii) the Non-Core Divestitures are not completed within 18 months from the Amendment Date and (iii) the Company fails to perform or comply with any covenant or obligation in the Arrangement Agreement which is not remedied within 30 days after written notice is given to the Borrower by the Lender. The Debenture will also include customary representations and warranties, positive covenants and negative covenants of the Borrower.

The foregoing summary of the Debenture does not purport to be a complete description of all the parties' rights and obligations under the Debenture and is qualified in its entirety by reference to the Debenture, a copy of which is attached as a schedule to the Proposal Agreement, a copy of which has been filed on the Company's SEDAR profile at www.sedar.com and with the SEC and available on EDGAR at www.sec.gov/edgar.

Voting Agreements

On June 24, 2020, as an inducement for Canopy Growth to enter into the Proposal Agreement, Canopy Growth entered into voting support agreements (the "**Voting Agreements**") with the directors and senior officers of the Company (each, an "**Acreage Holder**"), whereby, among other things, such Acreage Holders, in their capacities as security holders and not in their capacities as directors or officers of the Company have agreed, among other things, (i) to vote or cause to be voted all shares of the Company and any other securities of the Company owned or acquired by them during the term of the Voting Agreements (the "**Acreage Holder Securities**") in favor of the Resolution and against any matter that could reasonably be expected to adversely affect the successful completion of the Amended Arrangement, (ii) not to exercise any dissent rights and (iii) not to sell, transfer, otherwise convey or encumber any Acreage Holder Securities, with certain exceptions. Shareholders that executed Voting Agreements

represent 84.6% of the voting rights attached to the Existing SVS, Existing MVS and Existing PVS, when voting as a single class, and, for purposes of the "majority of minority" approval under MI 61-101, 1.42% of the votes attaching to the Existing SVS and 21.22% of the votes attaching to the Existing PVS, anticipated to be eligible to vote.

The Voting Agreements terminate upon the earliest of (i) mutual written consent of the parties, (ii) the termination of the Proposal Agreement in accordance with its terms; (iii) the Amendment Time; or (iv) other than in the case of Kevin Murphy, upon a Change in Recommendation.

The foregoing summary of the Voting Agreement does not purport to be complete and is qualified in its entirety by reference to the form of Voting Agreement, a copy of which is attached as a schedule to the Proposal Agreement, a copy of which has been filed on the Company's SEDAR profile at www.sedar.com and with the SEC and available on EDGAR at www.sec.gov/edgar.

Required Approvals

The Amended Arrangement is subject to, among other things, as applicable, approval from the CSE, the Court and certain other regulatory approvals and closing conditions. Listing of the Fixed Shares and Floating Shares will be subject to satisfaction of the CSE's listing requirements.

Resignation of Certain Officers

Concurrently with the execution of the Proposal Agreement, Kevin Murphy resigned as Chief Executive Officer of the Company effective immediately. Mr. Murphy's resignation was not the result of a disagreement between Mr. Murphy and the Company on any matter relating to Acreage's operations, policies or practices. Mr. Murphy will continue to serve as Chair of the Acreage Board.

Appointment of Interim Chief Executive Officer

As previously disclosed, concurrently with the execution of the Proposal Agreement, the Acreage Board appointed director William Van Faasen, aged 71, to serve as interim Chief Executive Officer. Mr. Van Faasen's service as interim Chief Executive Officer, he will receive an annual salary of $375,000. He will also be granted 111,000 restricted stock units which will vest quarterly over a 12-month period. There is no arrangement or understanding between Mr. Van Faasen and any other person pursuant to which Mr. Van Faasen was appointed as interim Chief Executive Officer. There are no family relationships between Mr. Van Faasen and any of the Company's directors, executive officers or persons nominated or chosen by the Company to become a director or executive officer. Mr. Van Faasen is not a participant in, nor is Mr. Van Faasen to be a participant in, any related-person transaction or proposed related-person transaction required to be disclosed by Item 404(a) of Regulation S-K under the Securities Exchange Act of 1934, as amended, in connection with this appointment.

Mr. 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.

(b) **the purpose and business reasons for the transaction**

The Company and Canopy Growth entered into the Proposal Agreement to better align the terms of the Existing Plan of Arrangement with broader market and economic factors, provide the Company's shareholders with an initial up-front payment in connection with the modification of the parties' rights, including the extension of the term, and give the Company's shareholders the ability to participate in upside potential upon the Triggering Event. The initial up-front payment is also anticipated to help fund the immediate tax payments that may be due to be paid by certain holders of Acreage shares as a result of the Amended Arrangement as will be more fully described in the proxy statement and circular which will be prepared and sent to the Acreage shareholders.

(c) **the anticipated effect of the transaction on the issuer's business and affairs**

See (b) above.

(d) **a description of:**

(i) **the interest in the transaction of each interested party and of the related parties and associated entities of the interested parties:**

See (h) below.

(ii) **the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:**

See (a) above. If the Triggering Event occurs or is waived, and the applicable conditions to closing are satisfied, then the outstanding Fixed Multiple Shares will automatically be converted into Fixed Shares, and Canopy Growth will acquire all Fixed Shares. In addition, at the Acquisition Time, Canopy Growth may concurrently acquire all outstanding Floating Shares.

(e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the directors and the special committee, if any, of the issuer for the transaction,**

including a discussion of any materially contrary view of abstention by a director and any material disagreement between the board and the special committee:

This information will be included in the proxy statement and circular which will be prepared and sent to Acreage shareholders in connection with the Meeting. No directors expressed any materially contrary view and, only Mr. Murphy abstained from voting on the resolution approving the Proposal Agreement and A&R License, and there was no material disagreement between the board and the special committee with respect to approval of the Proposal Agreement and A&R License.

(f) **a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirely in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable. See Section (i) below.

(g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

(i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

(ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

(h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Acceleration Agreements

In connection with the Amended Arrangement, the Company anticipates that it will include a proposal to shareholders to approve the Amended and Restated Omnibus Equity Incentive Plan. If the Company's shareholders adopt the Amended and Restated Omnibus Equity Incentive Plan, and subject to the Amended Arrangement becoming effective and the approval of the Canadian Securities Exchange, if applicable, in the event that either (i) the Company terminates the employment of Robert Daino, Chief Operating Officer, Glen Leibowitz, Chief Financial Officer, or James Doherty, General Counsel and Secretary, at any time; or (ii) any of the foregoing or John Boehner, Brian Mulroney, Douglas Maine or William Van Faasen resigns from any and all positions with the Corporation on or after the one year anniversary of the Amendment Date (as such term is defined in the Amended Plan of Arrangement), (in either case, an "**Acceleration Event**"), the Company will accelerate the vesting of all of the restricted share unit awards granted to the such individuals that are outstanding as at the date on which the Acceleration Event occurs.

Amended Credit Agreement

As described above, as a condition to the implementation of the Amended Arrangement, the Credit Agreement will be amended. The amendments to the Credit Agreement are anticipated to provide that: (i) with respect to US$21,000,000 of the principal amount advanced pursuant to the Credit Agreement (the "**Mr. Murphy Amount**"), effective as of the Amendment Time, the Credit Agreement will be amended to (a) remove any entitlement to "Interest Shares" (as defined in the Credit Agreement) in respect of this amount, (b) provide for an interest rate of 12% per annum payable in cash, (c) amend Section 9.3 of the Credit Agreement to amend the obligation of Acreage Finance Delaware, LLC to cause the Company to sell up to 8,800,000 Existing SVS to repay the amount outstanding such that the obligation shall be reduced to cause the issuance of up to 2,000,000 Fixed Shares, and (d) make any further revisions to the Credit Agreement as may be necessary or reasonable, as agreed upon with counsel to the lender, to implement the foregoing, and (ii) with respect to US$1,000,000 of the principal amount advanced pursuant to the Credit Agreement, the lender shall be entitled to (a) 23,999 Existing SVS, (b) upon maturity of the Credit Agreement, a return of US$1,100,000 and (c) otherwise treated in accordance with the current terms of the Credit Agreement.

Mr. Murphy has an economic interest in the Mr. Murphy Amount through a loan of US$21,000,000 made from Mr. Murphy to the lender under the Credit Agreement, which funds were subsequently loaned to the borrower under the Credit Agreement. While Mr. Murphy's entitlements arising indirectly pursuant to the Credit Agreement are being reduced as a condition to the implementation of the Amended Arrangement, the funding pursuant to the Debenture and the other terms of the Amending Agreement and the Plan of Arrangement increase the likelihood that the amount outstanding under the Credit Agreement will be repaid. This constitutes a benefit for Mr. Murphy, the former Chief Executive Officer, and current Chair of the Acreage Board.

Additional Documents

In addition, as described above, amendments will be made to certain documents in connection with, and as a condition to, the implementation of the Amended Arrangement, which will provide that: (i) Mr. Murphy will continue indefinitely (and regardless of whether Mr. Murphy ceases to be a director of the Company) as the administrator of the Tax Receivable Bonus Plan and the Tax Receivable Bonus Plan 2; and (ii) enable Mr. Murphy's existing restricted share units of the Company (including any replacements thereof pursuant to the Amended Plan of Arrangement) to vest in accordance with the terms thereof regardless of Mr. Murphy ceasing to be an employee or officer of the Company, provided that Mr. Murphy remains a director of the Company. The value of any of the benefits received by Mr. Murphy has been considered by the special committee of the Acreage Board formed in connection with the proposal by Canopy to enter into the transactions contemplated herein and will be disclosed in the proxy statement and circular mailed to the Company's shareholders in connection with the Meeting.

As a result of the foregoing, certain "interested parties" in the Arrangement will be precluded from voting on the transaction for purposes of the "majority of minority" approval required by MI 61-101. Acreage will include the details in respect of all "interested parties" in the proxy statement and circular to be mailed to shareholders of Acreage in connection with the Shareholder Approval being sought.

(i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 4.4 and 4.6 of MI 61-101 respectively, and the facts supporting reliance on the exemptions**

No formal valuation on the part of the Company is required under MI 61-101 in connection with the entry into the Proposal Agreement, as such entry is exempt, pursuant to Section 4.4(1)(a) of MI 61-101, from the valuation requirement as no securities of the Company are listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada or the United States, other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

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

Glen Leibowitz, Chief Financial Officer
Telephone: 646.491.6347

Item 9. Date of Report

June 30, 2020

Forward Looking Statements

This material change report contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements or information contained in this material change report. Examples of such statements include statements with respect to the timing and outcome of the Amended Arrangement, the anticipated benefits of the Amended

Arrangement, amount of the up-front payment payable per share of Acreage, the anticipated timing of the Meeting, the occurrence or waiver of the Triggering Event, the acquisition of the Existing SVS in accordance with the terms of the Existing Arrangement, the satisfaction or waiver of the closing conditions set out in the Arrangement Agreement, the satisfaction of the conditions set out in the Proposal Agreement, the ability of the Company to complete certain financing transactions and dispose of certain non-core assets and the use of proceeds under the Debenture.

Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including the occurrence of changes in U.S. federal laws regarding the cultivation, distribution or possession of marijuana; assumptions as to the time required to prepare and mail Meeting materials to the Company shareholders; the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court and shareholder approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the Proposal Agreement; the likelihood of the Triggering Event being satisfied or waived by the outside date; the ability of Canopy Growth and the Company to satisfy, in a timely manner, the conditions to closing following the satisfaction or waiver of the Triggering Event; in the event that the Proposal Agreement is not adopted, the likelihood of completion of the Acquisition on the current terms; in the event that the Proposal Agreement is adopted, the likelihood of Canopy Growth completing the acquisition of the Fixed Shares and/or Floating Shares; other expectations and assumptions concerning the transactions contemplated between Canopy Growth and the Company; the available funds of the Company and the anticipated use of such funds; the availability of financing opportunities for the Company and the risks associated with the completion thereof; regulatory and licensing risks; changes in general economic, business and political conditions, including changes in the financial and stock markets; risks related to infectious diseases, including the impacts of the novel coronavirus; legal and regulatory risks inherent in the cannabis industry, including the global regulatory landscape and enforcement related to cannabis, political risks and risks relating to regulatory change; risks relating to anti-money laundering laws; compliance with extensive government regulation and the interpretation of various laws regulations and policies; risk associated with divesting certain assets; public opinion and perception of the cannabis industry; and such other risks contained in the public filings of the Company filed with Canadian securities regulators and available on the issuer profile of the Company on SEDAR at www.sedar.com, including the Company's annual report on Form 10-K dated May 29, 2020.

In respect of the forward-looking statements and information concerning the anticipated benefits and completion of the Amended Arrangement and the anticipated timing for completion of the Amended Arrangement , the Company has provided such statements and information in reliance on certain assumptions that the Company believes are reasonable at this time. Although the Company believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this material change report are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this material change report are made as of the date of this material change report and the Company does not undertake any obligation to publicly update such forward-looking information or forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities laws. There can be no assurance that the Acquisition, the Amended Arrangement, the occurrence of the Triggering Event or the acquisition of the Fixed Shares and/or the Floating Shares will occur, or that such events will occur on the terms and conditions contemplated in this material change report. The Proposal Agreement could be modified, restructured or terminated. Actual results could differ materially from those currently anticipated due to a number of factors and risks. The Amended Arrangement cannot close until the required shareholder, court and regulatory approval is obtained. Investors are cautioned that, except as disclosed in the proxy statement and circular of Acreage to be prepared in connection with the Amended

Arrangement , any information released or received with respect to the Amended Arrangement may not be accurate or complete and should not be relied upon.