



Acreage Receives Provisional Approval To Sell Adult-Use Cannabis at Two Botanist Massachusetts Dispensaries

NEW YORK, July 09, 2020 -- [Acreage Holdings, Inc.](#) ("Acreage" or the "Company") (CSE: ACRG.U) (OTCQX: ACRGF) (FSE: OVZ) today announced that the Massachusetts Cannabis Control Commission ("CCC") has granted the Company provisional licenses for the retail sale of adult-use cannabis in Worcester and Shrewsbury. Acreage will add adult-use retail sales to its existing *The Botanist* dispensary in Worcester, MA, which opened as a medical marijuana treatment center in 2018, and it will open a new *The Botanist* dispensary in Shrewsbury, MA. The CCC voted to grant the provisional licenses at its monthly meeting earlier today.

Acreage anticipates beginning retail sales at both locations as quickly as possible following further regulatory inspections and approvals. The Worcester dispensary is located at 65 Pullman Street, Worcester, MA. The Shrewsbury dispensary will be located at 235 Hartford Turnpike, Shrewsbury, MA. The company's third *The Botanist* dispensary in Massachusetts is located in the Town of Leominster.

Once all approvals are completed and the dispensaries are fully operational, Acreage anticipates adding more than 40 new jobs in Massachusetts.

Separately at today's CCC meeting, the commissioners approved a stipulated agreement in which Acreage has agreed to make a \$250,000 payment to the Cannabis Control Commission Regulation Fund. The payment is related to previously terminated Management Services Agreements.

With today's actions, Acreage looks forward to completing the licensing process and bringing the Commonwealth's citizens its full House of Brands product portfolio, including its *The Botanist*, *Live Resin* and *Tweed* brands, the latter being a Canopy Growth brand that Acreage introduced in the U.S. last year.

ABOUT ACREAGE

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

On June 27, 2019, Acreage implemented an arrangement under section 288 of the Business Corporations Act (British Columbia) (the "Current Arrangement") with Canopy Growth Corporation ("Canopy Growth") pursuant to an arrangement agreement dated April 18, 2019, as amended on May 15, 2019 (the "Arrangement Agreement"). On June 24, 2020, Canopy Growth and Acreage entered into an agreement (the "Proposal Agreement") proposing to amend certain the terms of the Current Arrangement and the Arrangement Agreement (collectively, the "New Arrangement"). Pursuant to the Current Arrangement, upon the occurrence of changes to 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 "Triggering Event") (or waiver of the Triggering Event by Canopy Growth), Canopy Growth will, subject to the satisfaction or waiver of certain closing conditions, acquire (the "Acquisition") each of Acreage's class A subordinate voting shares (the "Subordinate Voting Shares") (following the automatic conversion of the Class B proportionate voting shares ("Proportionate Voting Shares") and Class C multiple voting shares (the "Multiple Voting Shares") into Subordinate Voting Shares) on the basis of 0.5818 of a common share of Canopy Growth (each whole share, a "Canopy Growth Share") per Subordinate Voting Share (subject to adjustment in accordance with the terms of the Arrangement Agreement), until such time as amended in accordance with the New Arrangement.

If the New Arrangement is consummated, among other things, each Subordinate Voting Share 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"), each Proportionate Voting Share will be exchanged for 28 Fixed Shares and 12 Floating Shares and each Multiple Voting Share will be exchanged for 0.7 of a Class F multiple voting share (each whole share, a "Fixed Multiple Share") and 0.3 of a Floating Share. In addition to various amendments to the covenants, restrictions and closing conditions contained in the Arrangement Agreement, the New Arrangement will provide (i) that upon the occurrence (or waiver of Canopy Growth) of the Triggering Event, Canopy Growth will, subject to the satisfaction or waiver of certain closing conditions (as amended by the New Arrangement), acquire all of the issued and outstanding Fixed Shares on the basis of 0.3048 of a Canopy Growth Share per Fixed Share (following the automatic conversion of the Fixed Multiple Shares and subject to adjustment in accordance with the terms of the Arrangement Agreement, as amended by the New Arrangement); and (ii) an option, exercisable at the discretion of Canopy Growth, to acquire all of the issued and outstanding Floating Shares at the time that Canopy Growth acquires the Fixed Shares, for cash or Canopy Growth Shares, as Canopy Growth may determine, at a price Per Floating Share based upon the 30-day volume-weighted average trading price of the Floating Shares on the Canadian Securities Exchange relative to the trading price of the Canopy Growth Shares at the time of the occurrence

or waiver of the Triggering Event, subject to a minimum price of US\$6.41 per Floating Share.

For more information about the Current Arrangement and the Acquisition please see the respective information circulars of each of Acreage and Canopy Growth dated May 17, 2019, which are available on Canopy Growth's and Acreage's respective profiles on SEDAR at www.sedar.com and filed with the U.S. Securities and Exchange Commission (the "SEC") on the EDGAR website at www.sec.gov. For more information about the New Arrangement, please see Acreage's press release dated June 25, 2020 and the subsequent public filings that may be made by Acreage from time to time in respect thereof, which are available under Acreage's profile on SEDAR at www.sedar.com and filed with the SEC on the EDGAR website at www.sec.gov. Additional details will be provided to Acreage shareholders in the proxy statement to be mailed to Acreage shareholders in connection with the shareholder meeting to approve the transactions contemplated by the New Arrangement. For additional information regarding Canopy Growth, please see Canopy Growth's profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This news release and each of the documents referred to herein contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States securities legislation, respectively. All statements, other than statements of historical fact, included herein are forward-looking information, including, for greater certainty, statements regarding the Acquisition, including the likelihood of completion thereof, the New Arrangement, including the likelihood of completion thereof, the occurrence or waiver of the Triggering Event, the satisfaction or waiver of the closing conditions set out in the Arrangement (as amended by the New Arrangement), and other statements with respect to the proposed transactions with Canopy Growth.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Acreage or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information or statements contained in this news release. Such risks and other factors may include, but are not limited to: the future implications to the business, financial results and performance of the Company arising, directly or indirectly, from COVID-19; the ability of Acreage and Canopy Growth to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court and shareholders approvals relating to the New Arrangement; the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the New Arrangement; other expectations and assumptions concerning the transactions contemplated in the New Arrangement; the anticipated benefits of the New Arrangement; the occurrence or waiver of the Triggering Event, the ability of Acreage to meet its performance targets and financial thresholds agreed upon with Canopy Growth as part of the New Arrangement, including those that are conditions to closing the New Arrangement; the likelihood of the Triggering Event being satisfied or waived by the outside date; in the event the New Agreement is not adopted, the likelihood of completing the Acquisition on the current terms; in the event that the New Agreement is adopted, the likelihood of Canopy Growth completing the acquisition of the Fixed Shares and/or Floating Shares; risks related to the ability to finance Acreage's business and fund its obligations without completing the Current Arrangement; other expectations and assumptions concerning the transactions contemplated between Canopy Growth and Acreage; the available funds of Acreage and the anticipated use of such funds; the availability of financing opportunities for Acreage 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 COVID-19; legal and regulatory risks inherent in the cannabis industry; risks associated with economic conditions, dependence on management and currency risk; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third-party service providers; risks related to the enforceability of contracts and lack of access to U.S. bankruptcy protections; reliance on the expertise and judgment of senior management of Acreage; risks related to proprietary intellectual property and potential infringement by third parties; the concentrated voting control of Acreage's founder and the unpredictability caused by Acreage's capital structure; risks relating to the management of growth; increasing competition in the industry; risks inherent in an agricultural business; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement judgments and effecting service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; and limited research and data relating to cannabis. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Acreage's disclosure documents, including Acreage's management information circular dated May 17, 2019 filed on May 23, 2019 and Acreage's Annual Report on Form 10-K for the year ended December 31, 2019 filed on May 29, 2020, on the EDGAR website at www.sec.gov. Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Acreage as of the date of this news release and, accordingly, is subject to change after such date. However, Acreage expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

Neither the Canadian Securities Exchange nor its Regulation Service Provider has reviewed and does not accept responsibility

for the adequacy or accuracy of the content of this news release.

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