A copy of this preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in the Provinces of Québec, Prince Edward Island and Newfoundland and Labrador and the territories of Canada, and a copy of this draft amended and restated preliminary short form base shelf prospectus has been filed with the securities regulatory authorities in all other provinces of Canada. Information contained in this preliminary short form base shelf prospectus and draft amended and restated preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.

This preliminary short form prospectus and draft amended and restated short form prospectus are base shelf prospectuses. This preliminary short form prospectus has been filed under legislation in the Provinces of Québec, Prince Edward Island and Newfoundland and Labrador and the territories of Canada, and this draft amended and restated short form prospectus has been filed under legislation in each of the other provinces of Canada, that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the United States Securities and Exchange Commission but is not yet effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This preliminary short form prospectus and draft amended and restated short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary's office of Acreage Holdings, Inc. at 450 Lexington Avenue, #3308, New York, New York, 10163, telephone (646) 600-9181, email corporatesecretary@acreageholdings.com and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS DATED OCTOBER 21, 2020 FOR THE PROVINCES OF QUEBEC, PRINCE EDWARD ISLAND, NEWFOUNDLAND AND LABRADOR AND THE TERRITORIES OF CANADA

DRAFT AMENDED AND RESTATED SHORT FORM BASE SHELF PROSPECTUS DATED ♦, 2020 AMENDING AND RESTATING THE SHORT FORM BASE SHELF PROSPECTUS DATED AUGUST 8, 2019 FOR ALL OTHER PROVINCES OF CANADA

New Issue and/or Secondary Offering — October 21, 2020

Acreage
HOLDINGS

ACREAGE HOLDINGS, INC.

USD$300,000,000
Fixed Shares
Floating Shares

Debt Securities
Warrants
Subscription Receipts
Units

This amended and restated short form base shelf prospectus (the "**Prospectus**") relates to the offering for sale by Acreage Holdings, Inc. (the "**Company**" or "**Acreage**") from time to time, during the 25-month period commencing August 8, 2019 that this Prospectus, including any amendments thereto, remains effective, of up to US$300,000,000 (or the equivalent in other currencies based on the applicable exchange rate at the time of the offering) in the aggregate of: (i) Class E subordinate voting shares ("**Fixed Shares**"); (ii) Class D subordinate voting shares ("**Floating Shares**", and together with the Fixed Shares, the "**Subordinate Voting Shares**"); (iii) debt securities ("**Debt Securities**"); (iv) warrants ("**Warrants**") to acquire any of the securities that are described in this Prospectus; (v) subscription receipts ("**Subscription Receipts**"); and (vi) units ("**Units**") comprised of one or more of any of the other securities that are described in this Prospectus, or any combination of such securities (all of the foregoing collectively, the "**Securities**" and individually, a "**Security**"). One or more securityholders of the Company may also offer and sell Securities under this Prospectus. See "*The Selling Securityholders*". The Securities may be offered in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying prospectus supplement (each, a "**Prospectus Supplement**").

In addition, the Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or any of its direct or indirect subsidiaries (each, a "**Subsidiary**" and collectively the "**Subsidiaries**"). The consideration for any such acquisition may consist of the Securities separately, a combination of Securities or any combination of, among other things, Securities, cash and an assumption of liabilities.

Prospective investors should be aware that the purchase of any Securities may have tax consequences that may not be fully described in this Prospectus or in any Prospectus Supplement, and should carefully review the tax discussion, if any, in the applicable Prospectus Supplement and in any event consult with a tax adviser.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus, except in cases where an exemption from such delivery has been obtained. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The specific terms of any Securities offered will be described in the applicable Prospectus Supplement including, where applicable: (i) in the case of Subordinate Voting Shares, the class and number of Subordinate Voting Shares offered, the offering price, whether the Subordinate Voting Shares are being offered for cash, and any other terms specific to the Subordinate Voting Shares offered; (ii) in the case of Debt Securities, the specific designation of the Debt Securities, the price at which the Debt Securities will be offered, the maturity date of the Debt Securities, the rate at which such Debt Securities will bear interest, the terms and conditions upon which the Debt Securities may be redeemed, repaid or purchased and the terms and conditions for any conversion or exchange of the Debt Securities for any other securities; (iii) in the case of Warrants, the number of Warrants being offered, the offering price, the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and any procedures that will result in the adjustment of those numbers, the exercise price, the dates and periods of exercise, whether the Warrants are being offered for cash, and any other terms specific to the Warrants offered; (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities, the designation, number and terms of such other Securities, whether the Subscription Receipts are being offered for cash, and any other terms specific to the Subscription Receipts offered; and (v) in the case of Units, the number of Units being offered, the offering price, the number and terms of the Securities comprising the Units, whether the Units are being offered for cash, and any other terms specific to the Units offered. Where required by statute, regulation or policy, and where the Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the Securities will be included in the Prospectus Supplement describing the Securities.

No underwriter or agent has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

The Company or any selling securityholder may offer and sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell directly to one or more purchasers or through agents. See "*Plan of Distribution*". The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Company or any selling securityholder in connection with the offering and sale of the Securities and the identity of any selling securityholder, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the proceeds that the Company or any selling securityholder will, or expects to receive and any other material terms of the plan of distribution. This Prospectus may qualify an "at-the-market distribution" (as such term is defined in National Instrument 44-102 – *Shelf Distributions* ("**NI 44-102**").

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company or any selling securityholder. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with any offering of Securities, other than an "at-the-market distribution", unless otherwise specified in a Prospectus Supplement, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. A purchaser who acquires Securities forming part of the underwriters', dealers' or agents' over-allocation position acquires those securities under this Prospectus and the Prospectus Supplement relating to the particular offering of Securities, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases. See "*Plan of Distribution*". No underwriter or dealer involved in an "at-the-market distribution" under this Prospectus, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such underwriter or dealer will over-allot Securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Securities.

The issued and outstanding Fixed Shares and Floating Shares are each listed on the Canadian Securities Exchange (the "**CSE**") under the symbols "ACRG.A.U" and "ACRG.B.U", respectively, on the OTCQX® Best Market by OTC Markets Group (the "**OTCQX**") under the symbols "ACRHF" and "ACRDF", respectively and on the Open Market of the Frankfurt Stock Exchange (the "**FRA**") under the symbols "0VZ1" and "0VZ2", respectively. On October 20, 2020, the last trading day prior to the date of this Prospectus, the closing price of the Fixed Shares and the Floating Shares on the CSE was US$2.87 and US$2.75, respectively. **Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Subordinate Voting Shares) will not be listed on any securities exchange. Accordingly, there is currently no market through which the Securities (other than Subordinate Voting Shares) may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. See "*Risk Factors*".**

Note to U.S. Holders

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein.

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that the Company is incorporated or organized under the laws of a foreign country, that some of its officers and directors may be residents of a foreign country and that some or all of the underwriters or experts named in the registration statement may be residents of a foreign country.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Company has three classes of issued and outstanding shares: the Fixed Shares, the Floating Shares and the Class F multiple voting shares (the "**Fixed Multiple Shares**", and together with the Fixed Shares and the Floating Shares, the "**Company Shares**"). The Fixed Shares, the Floating Shares and the Fixed Multiple Shares are substantially identical with the exception of: (i) the Fixed Shares being subject to the Canopy Call Option (as such term is defined below); the Floating Shares being subject to the Floating Call Option (as such term is defined below); and (iii) the Fixed Multiple Shares having multiple voting rights and conversion rights. The Fixed Shares and Floating Shares each entitle the holders 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 have the right to vote. Each Fixed Share is entitled to one vote per Fixed Share, each Floating Share is entitled to one vote per Floating Share and each Fixed Multiple Share is entitled to 4,300 votes per Fixed Multiple Share on all matters upon which the holders of shares are entitled to vote. Holders of Fixed Shares, Floating Shares and Fixed Multiple Shares will vote together on all matters as if they were one class of shares, except to the extent that a vote as a separate class is required by law or provided for by the Company's Articles. Each Fixed Multiple Share is convertible into one Fixed Share at any time at the option of the holder thereof, and automatically in certain other circumstances. Each of the Fixed Shares and the Floating Shares benefit from contractual provisions that give them certain rights in the event of a take-over bid for the Fixed Multiple Shares. See "*Description of the Share Capital of the Company – Coattail Provisions*" and "*Description of the Share Capital of the Company – Coattail Agreement*". See "*The Amended Arrangement*".

Directors and certain officers of the Company residing outside of Canada have appointed DLA Piper (Canada) LLP, Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 27Z, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

Investing in the Securities is speculative and involves significant risks. Readers should carefully review and evaluate the risk factors contained in this Prospectus, the applicable Prospectus Supplement and in the documents incorporated by reference herein before purchasing any Securities. See "*Forward-Looking Information*" and "*Risk Factors*".

The Company is not making an offer of the Securities in any jurisdiction where such offer is not permitted.

Unless otherwise specified in a Prospectus Supplement relating to any Securities offered, certain legal matters in connection with the offering of Securities will be passed upon on behalf of the Company by DLA Piper (Canada) LLP.

The Company's head office is located at 450 Lexington Avenue, #3308, New York, New York, 10163, telephone (646) 600-9181, and its registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 27Z.

This Prospectus is being filed in relation to the distribution of securities of an entity that currently derives, directly or indirectly, substantially all of its consolidated revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Acreage is indirectly involved (through its indirect Subsidiary, High Street Capital Partners, LLC ("High Street")) in the cannabis industry in the United States where state and local laws permit such activities. Currently, High Street and its licensed Subsidiaries are engaged in, or have management or consulting services agreements in place with licensee holders to assist in, the manufacture, possession, sale or distribution of cannabis in the adult-use and medical cannabis marketplaces in various U.S. states.

The United States federal government regulates drugs through the *Controlled Substances Ac*t (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 drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any indication. The FDA has approved CBD, a component of cannabis, for a narrow spectrum of medical conditions.

Despite the current state of the United States federal law and the CSA, medical cannabis is currently legal in 33 states, Washington D.C., and the territories of Guam, Puerto Rico, the U.S. Virgin Islands, and the Northern Mariana Islands. Recreational, adult-use cannabis is legal in 11 states and Washington D.C., although Washington D.C. has not legalized commercial sale of cannabis. 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. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, federal law shall apply.

On January 4, 2018, former United States Attorney General Jeff Sessions issued a memorandum to United States district attorneys which rescinded previous guidance from the United States Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, United States federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of United States federal law. Mr. Sessions resigned on November 7, 2018. Following the brief tenure of Matthew Whitaker as the acting United States Attorney General, on December 7, 2018, President Donald Trump announced the nomination of William Barr and, on February 14, 2019, Mr. Barr was confirmed as Attorney General. 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. See "*Regulatory Overview*".

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.

In light of the political and regulatory uncertainty surrounding the treatment of United States cannabis-related activities, on February 8, 2018, the Canadian Securities Administrators published CSA Staff Notice 51-352 – *(Revised) Issuers with U.S. Marijuana-Related Activities* ("Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with United States 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 United States cannabis industry.

For these reasons, the Company's operations in the United States cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other United States and Canadian authorities. There are a number of risks associated with the business of the Company. See sections entitled "*Regulatory Overview*" and "*Risk Factors*" in this Prospectus and in the Annual Report (as hereinafter defined), including under "*The Company's business activities, while compliant with applicable state and local U.S. law, are illegal under U.S. federal law*", "*United States Regulatory Uncertainty*" and "*Heightened Scrutiny by Canadian and U.S. Authorities*".

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GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise, the "**Company**", "**Acreage**", "**we**", "**us**" and "**our**" refer to Acreage Holdings, Inc., its indirect Subsidiary, High Street, and their direct and indirect Subsidiaries and references to "**Applied Inventions**" refer to the Company prior to completion of the RTO (as defined herein).

Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus and any applicable Prospectus Supplement in connection with an investment in the Securities. No person is authorized by the Company to provide any information or to make any representation other than as contained in this Prospectus or any Prospectus Supplement in connection with the issue and sale of the Securities offered hereunder. Prospective investors should assume that the information appearing in this Prospectus or any Prospectus Supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document unless specified otherwise. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

Market and Industry Data

Unless otherwise indicated, market data and industry forecasts contained in this Prospectus and any applicable Prospectus Supplement is based on industry publications, various publicly available sources and reports purchased by the Company as well as from management's good faith estimates, which are derived from management's knowledge of the industry and independent sources. The Company believes that the industry data is accurate and that its estimates and assumptions based thereon are reasonable, but there is no assurance as to the accuracy or completeness of this data. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the information from third-party sources nor has it ascertained the validity or accuracy of the underlying economic assumptions relied upon therein. Certain of the industry data presented herein has been derived from reports paid for by the Company and prepared by The Arcview Group, a cannabis industry investment and research company. The Company also receives data from publicly reported information at the state level and sell-side research firms.

Actual outcomes may vary materially from those forecast in the reports or publications referred to herein, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although the Company believes that the sources relied upon are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified. In addition, projections, assumptions and estimates of the Company's future performance or the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this Prospectus, any applicable Prospectus Supplement and the documents incorporated by reference herein.

Trademarks and Trade Names

This Prospectus, any applicable Prospectus Supplement and the documents incorporated herein by reference include references to the Company's trademarks, including, without limitation, Acreage's wordmark and square with bars, bands and lines service mark on the face page of this Prospectus, which are protected under applicable intellectual property laws and are the Company's property. The Company's trademarks and trade names referred to in this Prospectus, any applicable Prospectus Supplement and the documents incorporated herein by reference may appear without the ® or ™ symbol, but references to the Company's trademarks and trade names in the absence of such symbols are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names. All other trademarks and trade names used in this Prospectus, any applicable Prospectus Supplement or in documents incorporated herein by reference are the property of their respective owners.

Presentation of Financial Information

The financial statements of Acreage incorporated by reference in this Prospectus and any applicable Prospectus Supplement are reported in United States dollars and have been prepared in accordance with accounting principles

generally accepted in the United States of America ("**GAAP**"). Certain calculations included in tables and other figures in this Prospectus and any applicable Prospectus Supplement may have been rounded for clarity of presentation.

Currency Presentation and Exchange Rates

Unless the context otherwise requires, all references to "$", "C$" and "dollars" mean references to the lawful money of Canada. All references to "US$" and "U.S. dollars" refer to United States dollars.

On October 20, 2020, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US$1.00 = $1.3138.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain certain "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws and United States securities legislation (collectively, "**forward-looking statements**"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based upon the Company's current beliefs, expectations, and assumptions regarding the future of its business, future plans and strategies, and other future conditions. Forward-looking statements can be identified by the words such as "expect", "likely", "may", "will",, "would", "could", "should", "continue", "contemplate", "intend", or "anticipate", "believe", "envision", "estimate", "expect", "plan", "predict", "project", "target", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus, any Prospectus Supplement or the documents incorporated by reference herein and therein include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the product offerings of the Company;
- the competitive conditions of the industry;
- the competitive and business strategies of the Company;
- the sufficiency of capital including the Company's ability to obtain capital to develop its business;
- the Company's operations in the United States, the characterization and consequences of those operations under United States federal law and applicable State law, and the framework for the enforcement of applicable laws in the United States;
- on-going implications of the novel coronavirus ("**COVID-19**");
- statements relating to the business and future activities of, and developments related to, the Company, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans;
- expectations that planned acquisitions will be completed, and the expected financial results of such acquisitions;
- expectations that licenses applied for will be obtained;
- expectations regarding future cash flows from operations;
- the likelihood that the Canopy Call Option will be exercised (see "*Description of the Business - Arrangement with Canopy Growth*");
- the likelihood that the Floating Call Option will be exercised (see "*Description of the Business - Arrangement with Canopy Growth*");
- the timing and outcome of the Acquisition (as defined herein);
- the likelihood of the Acquisition being completed and any benefits to be derived therefrom;
- potential future legalization of adult-use and/or medical cannabis under U.S. federal law;
- expectations of market size and growth in the U.S. and the states in which the Company operates;
- expectations for other economic, business, financial market, political, regulatory and/or competitive factors related to the Company or the cannabis industry generally;
- the terms of and approvals required for any offering of Securities under this Prospectus, including without limitation, any at-the-market offering; and

- other events or conditions that may occur in the future.

Forward-looking statements contained herein and in certain documents incorporated by reference in this Prospectus concerning the cannabis industry and its medical and adult-use markets and the general expectations of the Company concerning the industry and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors.

Forward-looking statements speak only as at the date they are made and are based on information currently available and on the then current expectations. Potential purchasers of the Securities are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- risks related to the occurrence of changes in U.S. federal Laws regarding the cultivation, distribution or possession of marijuana;
- the likelihood of the Triggering Event (as defined herein) occurring or being waived by the Canopy Call Option Expiry Date (as defined herein);
- the ability of the Company and Canopy Growth Corporation ("**Canopy Growth**") to receive, in a timely manner and on satisfactory terms, the necessary regulatory approvals;
- the likelihood of Canopy Growth completing the acquisition of the Fixed Shares and/or Floating Shares;
- the ability of the Company and Canopy Growth to satisfy, in a timely manner, the conditions to closing following the occurrence or waiver of the Triggering Event;
- other expectations and assumptions concerning the Acquisition;
- 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 COVID-19;
- risks associated with dependence on management and currency risk;
- 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 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;
- 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;
- risks related to contracts with third-party service providers;
- risks related to the enforceability of contracts;
- reliance on the expertise and judgment of senior management of the Company;
- risks related to proprietary intellectual property and potential infringement by third parties;
- the concentrated voting control of the Company's founder and the unpredictability caused by the Company's capital structure;
- risks relating to the management of growth;
- risks related to cash flow from operations;

- increasing competition in the industry;
- risks inherent in an agricultural business;
- risks relating to energy costs;
- risks associated to cannabis products manufactured for human consumption including potential product recalls;
- reliance on key inputs, suppliers and skilled labor;
- cybersecurity risks;
- ability and constraints on marketing products;
- fraudulent activity by employees, contractors and consultants;
- tax and insurance related risks;
- risks related to the economy generally;
- risk of litigation;
- conflicts of interest;
- risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effecting service outside of Canada;
- risks related to future acquisitions or dispositions;
- sales by existing shareholders;
- limited research and data relating to cannabis,

as well as those risk factors described under the heading "*Risk Factors*" and elsewhere in this Prospectus, any Prospectus Supplement and the documents incorporated by reference herein and therein and as described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

Readers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in forward-looking statements. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Prospectus, any Prospectus Supplement or in any document incorporated by reference herein or therein. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this Prospectus, any Prospectus Supplement and the documents incorporated by reference herein and therein are expressly qualified in their entirety by this cautionary statement. Potential purchasers of the Securities should read this entire Prospectus, and each applicable Prospectus Supplement, and consult their own professional advisors to ascertain and assess the income tax and legal risks and other aspects associated with holding Securities.

CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES

The Company uses certain non-GAAP performance metrics such as EBITDA in this Prospectus or in documents incorporated by reference herein and therein, to evaluate its actual operating performance and for planning and forecasting future periods. The Company believes that the non-GAAP measures presented provide relevant and useful information for investors because they clarify actual operating performance, make it easier to compare results with those of other companies and allow investors to review performance in the same way as management. Since these measures are not calculated in accordance with GAAP, they should not be considered in isolation of, or as a substitute for, net loss or any other measure defined under GAAP as indicators of the Company's performance, and they may not be comparable to similarly-named measures from other companies.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. The following documents, each of which has been filed with the securities regulatory authorities in each province and territory of Canada, as applicable, are specifically incorporated by reference and form an integral part of this Prospectus:

- the management information circular of the Company dated March 25, 2019 prepared in connection with the Company's annual and special meeting held on May 7, 2019;
- the management information circular of the Company dated May 17, 2019 prepared in connection with the Company's special meeting held on June 19, 2019 at which the Original Arrangement (as defined herein) was adopted (the "**May 2019 Management Information Circular**"), excluding the fairness opinion dated August 14, 2018 attached as Schedule "B" to Canopy Growth's management information circular dated August 22, 2018 for its annual and special meeting of shareholders held on September 26, 2018 related to the approval of a transaction with CBG Holdings LLC (the "**Canopy 2018 Management Information Circular**") that has been consummated, which Canopy 2018 Management Information Circular was incorporated by reference in the May 2019 Management Information Circular;
- the management information circular of the Company dated June 10, 2020 prepared in connection with the Company's annual general and special meeting held on July 23, 2020 (the "**June 2020 Management Information Circular**");
- the proxy statement and management information circular of the Company dated August 17, 2020 prepared in connection with the Company's special meeting held on September 16, 2020 at which the Amended Arrangement (as defined herein) was adopted (the "**August 2020 Management Information Circular**");
- the Company's annual report on Form 10-K for the year ended December 31, 2019 dated May 29, 2020 and the amendment thereto on Form 10-K/A dated August 14, 2020 (together, the "**Annual Report**");
- the Company's condensed interim consolidated financial statements as at and for the three months ended June 30, 2020 and 2019, and related notes thereto;
- the Company's management's discussion and analysis for the three months ended June 30, 2020;
- the material change report of the Company dated February 18, 2020 in respect of the Institutional Credit Agreement;
- the material change report of the Company dated April 24, 2020 in respect of the termination of the Deep Roots Agreement;
- the material change report of the Company dated June 30, 2020 in respect of the execution by the Company of the Proposal Agreement; and
- the material change report of the Company dated September 28, 2020 in respect of the implementation of the Amended Arrangement and related matters.

Any documents of the type required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual report, annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management's discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the expiry of this Prospectus will be deemed to be incorporated by reference in this Prospectus.

Upon a new annual report and/or annual information form and annual consolidated financial statements being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities in Canada during the period that this Prospectus is effective, the previous annual report and/or annual information form, the previous annual consolidated financial statements and all interim consolidated financial statements and in each case the accompanying management's discussion and analysis and material change reports, filed prior to the commencement of the financial year of the Company in which the new annual report and/or annual information form is filed shall be deemed to no longer be incorporated into this Prospectus for purpose of future offers and sales of Securities under this Prospectus. Upon interim consolidated financial statements and the accompanying management's discussion and analysis being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus is effective, all interim consolidated financial statements and the accompanying management's discussion and analysis filed prior to such new interim consolidated financial statements and management's discussion and analysis shall be deemed to no longer be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. In addition, upon a new management information circular for an annual general meeting of shareholders being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus is effective, the previous management information circular filed in respect of the prior annual general meeting of shareholders shall no longer be deemed to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific terms of any offering of the Securities will be delivered to purchasers of the Securities together with this Prospectus and will be deemed to be incorporated by reference in this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the offering of the Securities to which that Prospectus Supplement pertains.

In addition, certain marketing materials (as that term is defined in applicable Canadian securities legislation) may be used in connection with a distribution of Securities under this Prospectus and the applicable Prospectus Supplement(s). Any "template version" of "marketing materials" (as those terms are defined in applicable Canadian securities legislation) pertaining to a distribution of Securities, and filed by the Company after the date of the Prospectus Supplement for the distribution and before termination of the distribution of such Securities, will be deemed to be incorporated by reference in that Prospectus Supplement for the purposes of the distribution of Securities to which the Prospectus Supplement pertains.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the Company at 450 Lexington Avenue, #3308, New York, New York, 10163 USA, telephone: (646) 600-9181, and are also available electronically at www.sedar.com.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, in any Prospectus Supplement or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes that statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus.

The Company has not provided or otherwise authorized any other person to provide investors with information other than as contained or incorporated by reference in this Prospectus or any Prospectus Supplement. If an investor is provided with different or inconsistent information, such investor should not rely on it.

DESCRIPTION OF THE BUSINESS

Corporate Structure

The Company was incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**") on July 12, 1989 as "Applied Inventions Management Inc.". On June 13, 1990, Applied Inventions completed its initial public offering pursuant to a prospectus and became a reporting issuer in the Province of Ontario. On August 29, 2014, Applied Inventions changed its name to "Applied Inventions Management Corp."

On September 21, 2018, Applied Inventions, High Street, Acreage Finco B.C. Ltd. ("**Finco**"), HSCP Merger Corp., USCo and Acreage Holdings WC, Inc. ("**USCo2**") entered into a definitive business combination agreement with High Street and others (the "**Definitive Agreement**") pursuant to which, among other things, High Street completed a reverse take-over of Applied Inventions (the "**RTO**"). The RTO was structured as a series of transactions, including a Canadian three-cornered amalgamation and a series of U.S. reorganization steps. On November 9, 2018, in connection with the RTO, Applied Inventions continued into British Columbia (the "**Continuance**") and concurrent therewith (i) amended its share capital, resulting in an authorized capital consisting of an unlimited number of Class A subordinate voting shares (the "**SVS**") having special rights and restrictions, an unlimited number of Class B proportionate voting shares (the "**PVS**") having special rights and restrictions, and a maximum of 168,000 Class C multiple voting shares (the "**MVS**") having special rights and restrictions, and (ii) changed its name to "Acreage Holdings, Inc."

On September 23, 2020, in accordance with the implementation of the Amended Arrangement (as defined herein) under Section 288 of the *Business Corporations Act* (British Columbia) ("**BCBCA**"), Acreage's Articles were amended to, among other things, create three new classes of shares in the capital of Acreage, being the Fixed Shares, the Floating Shares and the Fixed Multiple Shares, and Acreage completed a capital reorganization (the "**Capital Reorganization**") whereby, (i) each outstanding SVS was exchanged for 0.7 of a Fixed Share and 0.3 of a Floating Share; (ii) each PVS was exchanged for 28 Fixed Shares and 12 Floating Shares; and (iii) each MVS was exchanged for 0.7 of a Fixed Multiple Share and 0.3 of a Floating Share. See "*The Arrangement - The Amended Arrangement*".

On November 14, 2018, the Company completed the RTO and received approval from the CSE to list the SVS on the CSE. The SVS commenced trading on the CSE under the symbol "ACRG.U" on November 15, 2018. On January 7, 2019, the SVS commenced trading on the OTCQX under the ticker symbol "ACRGF", following sponsorship for OTCQX by Dorsey & Whitney LLP, a qualified third-party firm responsible for providing guidance on OTCQX requirements and recommending membership. In addition, on February 6, 2019, the SVS commenced trading on the FRA under the symbol "0VZ".

Upon implementation of the Amended Arrangement, the SVS ceased to trade on the CSE, the OTCQX and the FRA on September 22, 2020. On September 23, 2020, following the Capital Reorganization, each of the Fixed Shares and the Floating Shares were listed on the CSE and began trading under the symbols "ACRG.A.U" and "ACRG.B.U", respectively, on the OTCQX under the symbols "ACRHF" and "ACRDF", respectively and on the FRA under the symbols "0VZ1" and "0VZ2", respectively.

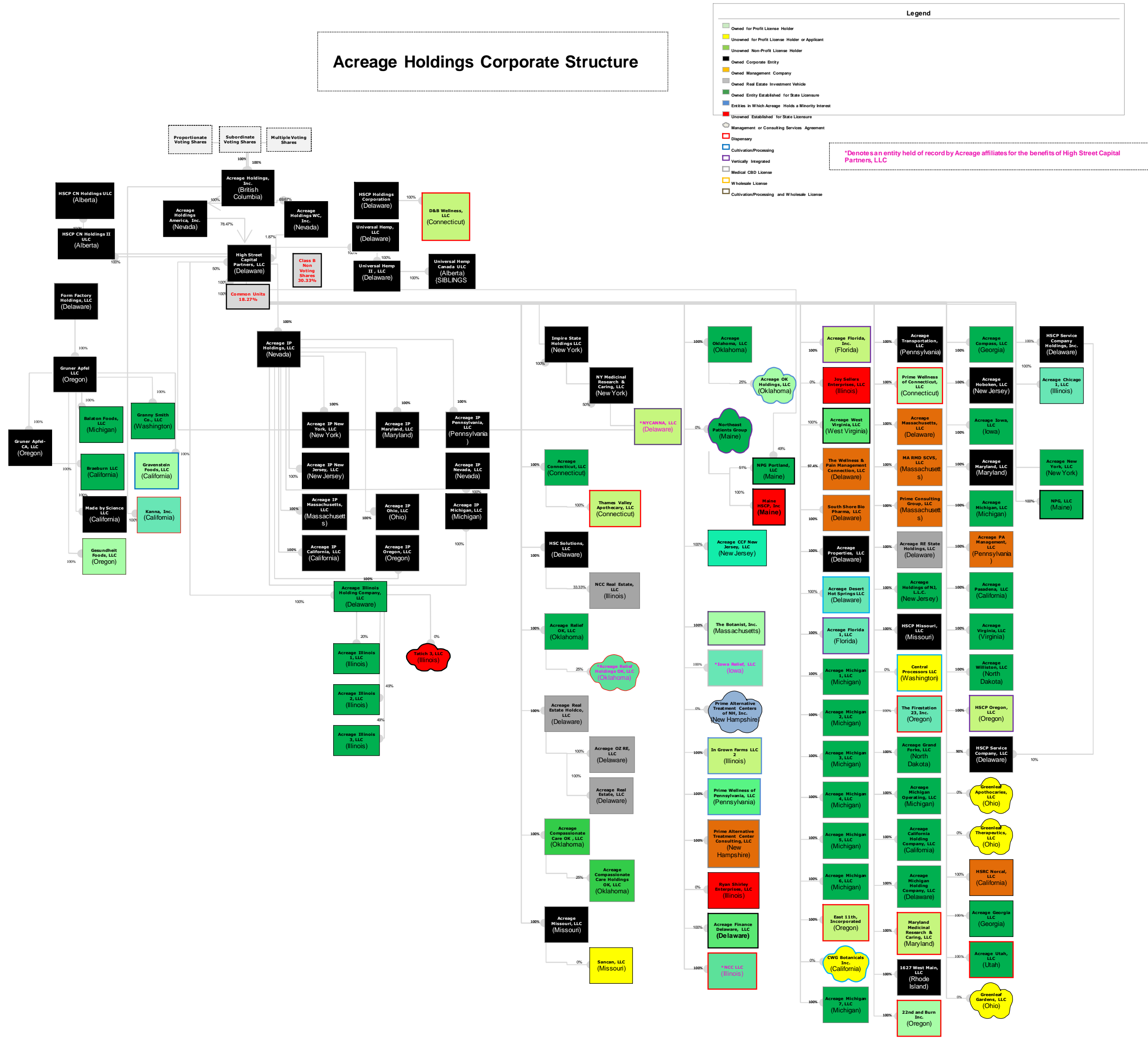
The Company's registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2Z7 and the head office is located at 450 Lexington Avenue, #3308, New York, New York, 10163. The Company's telephone number is (646) 600-9181. The Company's business website is www.acreageholdings.com and its investor relations website is http://investors.acreageholdings.com.

Inter-Corporate Relationships

The following chart illustrates the Company's corporate structure including details of the jurisdiction of formation of each Subsidiary and entities with which the Company has management or consulting services agreements as of the date of this Prospectus. High Street owns or has entered into management or consulting services agreements with license holders to assist such license holders with their operations of state-licensed medical and adult-use cannabis

businesses in California, Connecticut, Florida, Illinois, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Oregon and Pennsylvania.

Unless otherwise noted, all lines represent 100% ownership of outstanding securities of the applicable Subsidiary. The Company does not have any ownership interest in entities with which it has a management or consulting services agreement.



Notes:

(1) The managers and executive officers of High Street are: Acreage Holdings America, Inc. (sole manager) and Kevin Murphy (chief executive officer).

(2) The manager of each of: 1627 West Main, LLC, Acreage California Holding Company, LLC, Acreage Compassionate Care Holdings OK , LLC, Acreage Compassionate Care OK, LLC, Acreage Connecticut, LLC, Acreage Grand Forks, LLC, Acreage IP California, LLC, Acreage IP Holdings, LLC, Acreage IP Maryland, LLC, Acreage IP Massachusetts, LLC, Acreage IP New York, LLC, Acreage IP Ohio, LLC, Acreage IP Oregon, LLC, Acreage IP Pennsylvania, LLC, Acreage Massachusetts, LLC, Acreage Michigan 1, LLC, Acreage Michigan 2, LLC, Acreage Michigan 3, LLC, Acreage Michigan 4, LLC, Acreage Michigan 5, LLC, Acreage Michigan

Holding Company, LLC, Acreage Michigan Operating, LLC, Acreage Michigan, LLC, Acreage Real Estate Holdco, LLC, Acreage Williston, LLC, In Grown Farms, LLC, Iowa Relief, LLC, Prime Consulting Group, LLC and South Shore Bio Pharma, LLC is Kevin Murphy.

(3) The managing member of each of: Acreage Holdings of NJ, LLC, Acreage North Dakota, LLC, Acreage OK Holdings, LLC, Acreage Oklahoma, LLC, Acreage OZ RE, LLC, Acreage PA Management, LLC, Acreage Pasadena, LLC, Acreage RE State Holdings, LLC, Acreage Real Estate, LLC, Acreage Transportation, LLC, D&B Wellness, LLC, HSC Solutions, LLC, Impire State Holdings, LLC, NCC Real Estate, LLC, New York Medicinal Research & Caring, LLC, NYCANNA, LLC, Prime Wellness of CT, LLC, Prime Wellness of PA, LLC and Thames Valley Apothecary, LLC is High Street.

(4) The manager of each of: Acreage Iowa, LLC, Acreage New York, LLC, Acreage Virginia, LLC and HSCP Service Company, LLC is High Street.

(5) The board of directors and executive officers of 22nd and Burn, Inc., East 11th Incorporated and The Firestation 23, Inc. are: James Doherty, (director, vice president and secretary), William Van Faasen, (president), Glen Leibowitz (vice president and treasurer), and Robert Daino (vice president and chief operating officer).

(6) The board of directors and executive officers of Acreage Florida, Inc. are: Kevin Murphy (sole director, president and secretary).

(7) The board of directors and executive officers of Acreage Holdings America, Inc. and Acreage Holdings WC, Inc. are: James Doherty (secretary), Glen Leibowitz (treasurer) and Kevin Murphy (president and sole director).

(8) The manager and executive officer of Acreage Relief Holdings OK, LLC are: Kevin Murphy (manager and president).

(9) The manager and executive officer of Acreage Relief OK, LLC are: Kevin Murphy (manager and president).

(10) The manager and executive officers of Balaton Foods, LLC, Braeburn, LLC, Gesundheit Foods, LLC, Granny Smith Co., LLC, Gravenstein Foods, LLC and Gruner Apfel - CA, LLC, are: Gruner Apfel LLC (manager), Kevin Murphy (chief executive officer), James Doherty (vice president – secretary), Glen Leibowitz (vice president – treasurer), and Robert Daino (vice president – chief operating officer).

(11) The manager and executive officers of Made By Science, LLC are: Gruner Apfel LLC (manager), Kevin Murphy (chief executive officer), James Doherty (vice president – secretary), Glen Leibowitz (vice president – treasurer), and Robert Daino (vice president – chief operating officer).

(12) The manager and executive officers of Grunner Apfel, LLC are: Kevin Murphy (manager and chief executive officer), James Doherty (vice president – secretary), Glen Leibowitz (vice president – treasurer), and Robert Daino (vice president – chief operating officer).

(13) The manager and executive officers of Form Factory Holdings, LLC. (f/k/a Form Factory, Inc.) ("**Form Factory**") are: Kevin Murphy (manager, president and chief executive officer) and Glen Leibowitz (secretary and treasurer).

(14) The board of directors and executive officers of Health Circle, Inc. are: Michael Westort (director, president and treasurer), Mary Mason (director and secretary), James Welch (director), Lea Westort (director) and Elizabeth Peters (director).

(15) The manager and member of HSCP Oregon, LLC are: High Street.(member), William Van Faasen (president), James A. Doherty (vice president and secretary), Glen Leibowitz (vice president and treasurer), and Robert Daino (vice president and chief operating officer).

(16) The manager and member of HSRC Norcal, LLC are: High Street and CHGI Holdings

(17) The board of directors and executive officers of HSCP Service Company Holdings, Inc. are: Kevin Murphy (sole director, chief executive officer and president), James Doherty (secretary) and Glen Leibowitz (treasurer).

(18) The manager and sole member of Maryland Medicinal Research & Caring, LLC is High Street.

(19) The managers of NCC LLC is Kevin Murphy (manager and president).

(20) The manager of Prime Alternative Treatment Center Consulting, LLC is: Kevin Murphy.

(21) The board of directors and executive officers of The Botanist, Inc.: Kevin Murphy (sole director, president, treasurer and secretary) and Chris Tolford (vice president) and Jovan Bethell (vice president).

(22) The board of directors and executive officers of Kanna, Inc. are: Robert Daino, sole director, Kevin Murphy (chief executive officer), James Doherty, (secretary) and Glen Leibowitz, (treasurer).

Business of the Company

Mr. Kevin Murphy, the former Chief Executive Officer and President of the Company and the current Chair of the Company's board of directors (the "**Board**"), 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 US$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 Subsidiaries, being the companies in which the Company and High Street have a direct or indirect ownership interest, 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 certain U.S. states 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 at the time. Each of the Subsidiaries are in various stages of development and operations, ranging from having only recently sought or obtained a newly issued state cannabis license or to being fully operational.

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 (the "**High Street Units**").

Strategy and the Acreage Operations Footprint

As of the date of this Prospectus, 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, Maryland, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Oregon and Pennsylvania.

Acreage's mission is to champion and provide access to cannabis' beneficial properties by creating high quality medical and adult-use products and consumer experiences. Acreage's operational strategy to deliver on its vision and mission revolves around four primary areas of focus: (1) cultivation; (2) retail; (3) processing/manufacturing and (4) wholesale. While Acreage focuses on these four areas, it has determined that it has just one reportable business segment: the production and sale of cannabis products.

Acreage has extensive capability and know-how in converting raw cannabis into finished products at the request of third parties. Acreage uses its 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 its retail and wholesale channels where allowable by law.

Non-Core Divestitures

The Company has refined its business strategy by taking steps to target cash flow positive operations and its expectation is that all future growth of Acreage will be principally driven by its operational success. Such steps will include the proposed divestiture (the "**Non-Core Divestitures**") by the Company of all assets outside of Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Illinois and Ohio (collectively, the "**Identified States**"). Pursuant to the Amending Agreement (as defined below), the Company is required to limit its operations to the Identified States. As described below, the Debenture (as defined below) requires that Acreage complete the Non-Core Divestitures prior to March 23, 2022.

Operational Highlights

Acreage and entities with which it has management or consulting services agreements have cultivating, processing & manufacturing, wholesaling, and retailing and/or distributing operations in 14 states.

Acreage owns 18 operational dispensaries. Acreage has or will have management or consulting services agreements with entities operating an additional 10 dispensaries.

Acreage operates six cultivation facilities in six states. Acreage has management or consulting services agreements with entities operating four additional cultivation facilities. Acreage also operates five processing or manufacturing facilities and has 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 Acreage's 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. Acreage's focus is growing the highest quality medicinal and adult-use cannabis. Accordingly, Acreage currently grows all of its cannabis in indoor and greenhouse facilities, which allows it to grow in organic conditions under ideal climate controls and without the use of pesticides or fertilizers. Acreage requires significant capital to build and outfit its facilities. Beginning in October 2019, Acreage began entering into sale and leaseback transactions with a real estate investment trust to finance its cultivation construction and expansions. Acreage intends to continue to pursue transactions with real estate investment trusts when such transactions are advantageous to it and its shareholders.

Acreage or the entities with which it has management or consulting services or other agreements to assist in operations have 10 operating cultivation facilities. As of the date of this Prospectus, Acreage has 65,612 square feet of canopy for cannabis cultivation. As announced on April 3, 2020, Acreage temporarily halted cultivation operations in Iowa, in part as a response to the COVID-19 pandemic. Further, the Company has suspended its cultivation operations in Medford, Oregon.

Retail

Acreage operates both 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. Acreage and its contractual affiliates currently operate 28 dispensaries (including pending acquisitions) in 10 states. Acreage seeks to build out as many dispensaries as it is permitted by state rules and regulations under its existing licenses and is also continually evaluating acquisition targets to expand its dispensary footprint. On April 3, 2020, Acreage announced the temporary closure of a dispensary in Maryland and a dispensary 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. Acreage subsequently sold its North Dakota dispensary in May 2020 and entered into an agreement to sell its Maryland dispensary when permitted by state law.

Acreage designs its dispensaries to provide the best possible experience to its customers. Where possible, and to the extent permissible under state law, Acreage features its own cultivated and manufactured products, but also features other in-demand medicinal and adult-use products from other producers. Acreage's flagship dispensary brand is The Botanist, which first launched in 2018. However, Acreage also operates retail dispensaries under other names. In each instance, Acreage considers whether to convert dispensaries to The Botanist brand and plans to do so where it makes sense commercially and is permissible by law. Acreage views retail operations as one of its primary sources of cash flow for the foreseeable future.

Acreage's 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 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 trained to help provide insight and guidance to customers and patients as they explore the far-reaching benefits of cannabis.

Processing & Manufacturing

In states where Acreage is appropriately licensed, it takes the cannabis flower it grows and processes or manufactures 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. Acreage's manufacturing and processing facilities are capital intensive, and it may enter into sale and leaseback transactions with a real estate investment trust to finance build-outs of its facilities when such transactions are advantageous to it and its shareholders.

With its 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 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 11 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 its 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. Acreage uses or plans 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 its dispensaries, Acreage has adopted a strategy of selling its flower and branded products in states with cultivation and processing operations and where allowable by law. Acreage and its contractual affiliates sell branded products to licensed cannabis dispensaries in 9 states. Acreage views wholesale operations as a crucial business strategy for both cash flow generation and distribution of its developed brands for long-term brand building success. Acreage believes its footprint affords it a competitive advantage to building long-term brand equity. Acreage plans to increase wholesale revenue in states where it currently wholesale products and also to begin wholesale operations in new states where allowable by law.

For certain other details about the Company's business, please refer to the Annual Report and other documents incorporated by reference in this Prospectus that are available on SEDAR at www.sedar.com.

Recent Developments

Three-Year Term Loan

On September 28, 2020, the Institutional Borrower entered into a loan agreement (the "**Institutional Loan Agreement**") with an institutional investor (the "**Institutional Investor**") for gross proceeds of US$33,000,000 (the "**Institutional Loan**"). The Institutional Loan is unsecured, matures in three years, and bears interest at a 7.5% annual interest rate. At any time after September 28, 2022, upon five business days' notice to the Institutional Investor, the Institutional Borrower may prepay all or any portion of the Institutional Loan together with all interest accrued thereon, without any premium, bonus, penalty or other charge. The Institutional Loan is guaranteed by High Street.

Arrangement with Canopy Growth

Original Arrangement

On April 18, 2019, the Company entered into an arrangement agreement (the "**Initial Arrangement Agreement**") with Canopy Growth, as amended by an amending agreement dated May 15, 2019 (the "**Arrangement Agreement Amendment**", and, together with the Initial Arrangement Agreement, the "**Original Arrangement Agreement**"), pursuant to which the Company agreed to complete an arrangement (the "**Original Arrangement**") under the provisions of the BCBCA. The Original Arrangement was approved by shareholders at the Company's special meeting held on June 19, 2019 and a final order approving the Original Arrangement was obtained from the Supreme Court of British Columbia (the "**Court**") on June 21, 2019. Upon implementation of the Arrangement on June 27, 2019 (the "**Initial Effective Date**"), the Company's Articles were amended to provide Canopy Growth with the option (the "**Original Call Option**") to acquire all of the issued and outstanding shares of the Company in exchange for the payment of 0.5818 of a common share in the capital of Canopy Growth for each SVS held (with payment to: (i) holders of PVS being adjusted as though each PVS was converted into 40 SVS; and (ii) holders of MVS was made as though each MVS was converted into one SVS; in accordance with their respective terms) (the "**Original Exchange Ratio**"), which Original Exchange Ratio was subject to adjustment in accordance with the Original Arrangement Agreement.

Pursuant to the Original Arrangement, on the Initial Effective Date, holders of SVS, PVS, MVS, and certain holders of securities convertible or exchangeable into shares of the Company, received approximately US$2.63 per SVS, being their pro rata portion (on an as converted to SVS basis) of US$300 million paid as consideration by Canopy Growth for the grant of the Original Call Option (the "**Aggregate Option Premium**") based on the number of outstanding securities of the Company and certain holders of securities convertible or exchangeable into shares of the Company as of the close of business on June 26, 2019, the record date for payment of the Aggregate Option Premium. The Aggregate Option Premium was distributed to such holders of record on or about July 3, 2019.

Pursuant to the Original Arrangement, Canopy Growth was required to exercise the Original Call Option 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**") and, subject to the satisfaction or waiver of certain closing conditions set out in the Original Arrangement Agreement, acquire all of the issued and outstanding SVS (following the mandatory conversion of the PVS and MVS into SVS). Alternatively, Canopy Growth was entitled to elect to exercise the Original Call Option at any time prior to the date that was 90 months following the Initial Effective Date.

See "*Description of the Arrangement*" in the May 2019 Management Information Circular.

Amended Arrangement

On June 24, 2020, the Company entered into a proposal agreement with Canopy Growth (the "**Proposal Agreement**") which set out, among other things, the terms and conditions upon which the parties were proposing to enter into an amending agreement (the "**Amending Agreement**") to amend the Original Arrangement Agreement, amend and restate the plan of arrangement among the Company, its securityholders and Canopy Growth completed on June 24, 2019 (the "**Amended Plan of Arrangement**") and implement the Amended Plan of Arrangement pursuant to the BCBCA (the "**Amended Arrangement**"). The effectiveness of the amendment to the Original Arrangement Agreement and the implementation of the Amended Plan of Arrangement was subject to the conditions set out in the Proposal Agreement, which included, 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 Acreage as required by applicable corporate and securities laws.

The Amended Arrangement was approved by shareholders at the Company's special meeting held on September 16, 2020, and a final order approving the Amended Arrangement was obtained from the Court on September 18, 2020.

Following the satisfaction of various conditions set forth in the Proposal Agreement, on September 23, 2020, the Company and Canopy Growth entered into the Amending Agreement (and together with the Original Arrangement Agreement, the "**Arrangement Agreement**") and implemented the Amended Arrangement effective at 12:01 a.m. (Vancouver time) (the "**Amendment Time**") on September 23, 2020 (the "**Amendment Date**").

Pursuant to the Amended Plan of Arrangement, Canopy Growth made a cash payment of US$37,500,024 (the "**Aggregate Amendment Option Payment**"), which was delivered to the Company's shareholders and certain holders of securities convertible or exchangeable into shares of the Company. Holders of SVS, PVS, MVS, and certain other parties, received approximately US$0.30 per SVS, being their pro rata portion (on an as-converted to SVS basis) of the Aggregate Amendment Option Payment, based on the number of outstanding securities of the Company and certain holders of securities convertible or exchangeable into shares of the Company as of the close of business on September 22, 2020, the record date for payment of the Aggregate Amendment Option Payment. The Aggregate Amendment Option Payment was distributed to such holders of record on or about September 25, 2020.

Upon implementation of the Amended Arrangement, the Company's Articles were amended to, among other things, create three new classes of shares in the capital of the Company, being Fixed Shares, Floating Shares and Fixed Multiple Shares, and, in connection with such amendment, the Company completed the Capital Reorganization effective as of the Amendment Time whereby: (i) each SVS was exchanged for 0.7 of a Fixed Share and 0.3 of a Floating Share; (ii) each PVS was exchanged for 28 Fixed Shares and 12 Floating Shares; and (iii) each MVS was exchanged for 0.7 of a Fixed Multiple Share and 0.3 of a Floating Share.

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 SVS that was outstanding immediately prior to the Amendment Time was 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.

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 "**Fixed 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. Upon exercise of the Floating Call Option, Canopy Growth may acquire the Floating Shares for cash or for common shares of Canopy Growth (the "**Canopy Growth Shares**") or a combination thereof, in Canopy's sole discretion. If paid in cash, the price per Floating Share shall be equal to the volume-weighted average trading price of the Floating Shares on the CSE (or other recognized stock exchange on which the Floating Shares are primarily traded as determined by volume) for the 30 trading day period prior to the exercise (or deemed exercise) of the Canopy Call Option, subject to a minimum amount of US$6.41. If paid in Canopy Growth Shares, each Floating Share will be exchanged for a number of Canopy Growth Shares equal to (i) the volume-weighted average trading price of the Floating Shares on the CSE (or other recognized stock exchange on which the Floating Shares are primarily traded as determined by volume) for the 30 trading day period prior to the exercise (or deemed exercise) of the Canopy Call Option, subject to a minimum amount of US$6.41, divided by (ii) the volume-weighted average trading price (expressed in US$) of the Canopy Growth Shares on the New York Stock Exchange (the "**NYSE**") (or such other recognized stock exchange on which the Canopy Growth Shares are primarily traded if not then traded on the NYSE) for the 30 trading day period immediately prior to the exercise (or deemed exercise) of the Canopy Call Option (the "**Floating Ratio**"). The Floating Ratio is subject to adjustment in accordance with the Amended Plan of Arrangement if Acreage issues greater than the permitted number of Floating Shares prior to the Acquisition Date. No fractional Canopy Growth Shares will be issued pursuant to the Amended Plan of Arrangement. The Floating Call Option cannot be exercised unless the Canopy Call Option is exercised (or deemed to be exercised). 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 (the "**Acquisition**") pursuant to the Canopy Call Option, if exercised. 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 Fixed 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 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 Canopy Growth completes the Acquisition of the Fixed Shares but does not acquire the Floating Shares, the Floating Call Option will terminate, and the Floating Shares shall remain outstanding.

See the "*Amended Arrangement*" herein and "*Description of the Amended Arrangement*" in the August 2020 Management Information Circular.

<u>A&R License</u>

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 (the "**Original License**"). Pursuant to the A&R License, TS Brandco and Tweed (together, the "**Licensors**") and Canopy Growth agreed to 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: (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 primary differences between the A&R License and the Original License include, without limitation: (A) that the Company may sublicense use of the Trademarks, Systems and/or Intellectual Property, provided that, any sublicense to a third-party will require the prior written consent of Canopy Growth unless the third-party complies with the certain licensing criteria set out in the A&R License; (B) the requirement of the Company, following the Acquisition, to pay to Canopy Growth a royalty in respect of the net revenue generated by the Company, directly or indirect, from the Trademarks, Systems or Intellectual Property; and (C) the initial term of the A&R License is 10 years, rather than 90 months under the Original License. See "*Transaction Agreements – A&R License*" in the August 2020 Management Information Circular.

Debenture

In connection with the implementation of the Amended Arrangement, 11065220 Canada Inc., an affiliate of Canopy Growth (the "**Hempco Lender**") agreed to provide a loan of up to US$100,000,000 (the "**Hempco Loan**") to Universal Hemp, LLC, an affiliate of the Company that operates solely in the hemp industry in full compliance with all applicable laws ("**Hempco**") pursuant to a secured debenture dated September 23, 2020 (the "**Debenture**") issued by Hempco to the Hempco Lender.

US$50,000,000 of the Hempco Loan was advanced on the Amendment Date (the "**Initial Advance**") and US$50,000,000 of the Hempco Loan (the "**Hempco Second Advance**") will be advanced in the event that the following conditions, among others, are satisfied: (a) Hempco'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) Hempco'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 Hempco Loan will bear interest from the date of advance, compounded annually, and will 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 Hempco Loan will mature 10 years from the date of the Initial Advance.

The Hempco 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 Hempco's affiliates other than subsidiaries of Hempco 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 Hempco Loan proceeds must be segregated in a distinct bank account and detailed records of debits to such distinct bank account will be maintained by Hempco.

No payment due and payable to the Hempco Lender by Hempco 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 includes 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; (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 Hempco by the Hempco Lender. The Debenture also includes customary representations and warranties, positive covenants and negative covenants of Hempco. See "*Transaction Agreements – Debenture*" in the August 2020 Management Information Circular.

Poppins Credit Agreement Amendment

On February 7, 2020, the Company announced, among other things, (i) that HSCP CN Holdings ULC (the "**Institutional Borrower**"), a Subsidiary of High Street, entered into a credit agreement (the "**Institutional Credit Agreement**") with an institutional lender (the "**Institutional Lender**"), its administrative agent, and the Poppins Borrower (as defined below), as guarantor of the Institutional Borrower's obligations thereunder, pursuant to which a US$100,000,000 credit facility was established, of which US$49,000,000 was expected to be made available upon the initial drawdown under the Institutional Credit Agreement, subject to Acreage providing sufficient cash collateral (the

“**Institutional Credit Facility**”); and (ii) the entry into non-binding letters of intent pursuant to which IP Investment Company, LLC (“**Poppins**”) would provide a loan to one of its subsidiaries in the amount of US$50,000,000 to provide cash collateral as security for the US$49,000,000 to be drawn under the Institutional Credit Agreement (the “**Poppins Credit Facility**”).

In connection with the Poppins Credit Facility, on March 6, 2020, a credit agreement was entered into among Acreage Finance Delaware, LLC (the “**Poppins Borrower**”), as borrower, Acreage IP Holdings, LLC, Prime Wellness of Connecticut, LLC, D&B Wellness, LLC and Thames Valley Apothecary, LLC, as guarantors, and Poppins, as lender, administrative agent and collateral agent (the “**Original Poppins Credit Agreement**”). Subsequently, on March 17, 2020, Acreage announced that it was only able to drawdown on US$21,000,000 pursuant to the Institutional Credit Agreement with the Institutional Lender as it was only able to raise US$22,000,000 from Poppins pursuant to the Original Poppins Credit Agreement, with US$21,000,000 of such amount provided by Mr. Murphy.

In connection with, and as a condition to the implementation of, the Amended Arrangement, the Original Poppins Credit Agreement was amended on the Amendment Date pursuant to an amendment to the Original Poppins Credit Agreement among the parties thereto dated the Amendment Date (the “**Poppins Credit Agreement Amendment**”, and together with the Original Poppins Credit Agreement, the “**First Amended Poppins Credit Agreement**”).

The Poppins Credit Agreement Amendment provides that: (i) with respect to US$21,000,000 of the principal amount advanced pursuant to the Original Poppins Credit Agreement (the “**Mr. Murphy Amount**”), effective upon implementation of the Amended Arrangement, the Original Poppins Credit Agreement was amended to: (a) remove any entitlement to “Interest Shares” (as defined in the Original Poppins Credit Agreement) in respect of this amount; (b) provide for an interest rate of 12% per annum payable in cash; and (c) amend Section 9.3 of the Original Poppins Credit Agreement to amend the obligation of the Poppins Borrower to cause the Company to sell up to 8,800,000 SVS to repay the amount outstanding such that the obligation was reduced to cause the issuance of up to 2,000,000 Fixed Shares, and (ii) with respect to US$1,000,000 of the principal amount advanced pursuant to the Original Poppins Credit Agreement, Poppins is entitled to: (a) 16,799 Fixed Shares and 7,199 Floating Shares; (b) upon maturity of the Poppins Credit Agreement (as defined below), a return of US$1,100,000; and (c) be otherwise treated in accordance with the terms of the Original Poppins Credit Agreement.

On October 20, 2020, the First Amended Poppins Credit Agreement was amended to provide for certain housekeeping changes in accordance with an amendment to the First Amended Poppins Credit Agreement among the parties thereto (the “**Second Poppins Credit Agreement Amendment**”, and together with the Original Poppins Credit Agreement and the First Amended Poppins Credit Agreement, the “**Poppins Credit Agreement**”).

Kevin Murphy, the Chair of Board, 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 Original Poppins Credit Agreement, which funds were subsequently loaned to the Poppins Borrower under the Original Poppins Credit Agreement. While Mr. Murphy’s entitlements arising indirectly pursuant to the Original Poppins Credit Agreement were reduced as a condition to the implementation of the Amended Arrangement, the terms of the Amending Agreement and the Amended Plan of Arrangement increase the likelihood that the amount outstanding under the Original Poppins Credit Agreement will be repaid. This constituted a benefit for Mr. Murphy.

Given Mr. Murphy’s economic interest in the Mr. Murphy Amount, the transactions contemplated by the Poppins Credit Agreement Amendment constituted a “related party transaction” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Acreage relied on exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, given that neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involved the related parties (being Mr. Murphy), exceeded 25% of Acreage’s market capitalization (as determined under MI 61-101).

Supplemental Warrant Indenture

In connection with the Amended Arrangement, the Company and Odyssey Trust Company (the “**Warrant Agent**”) entered into a supplemental warrant indenture between dated as of the Amendment Date (the “**Supplemental Indenture**”) to amend the warrant indenture dated February 10, 2020 (the “**Warrant Indenture**”) between Acreage and the Warrant Agent to reflect, among other things, the Capital Reorganization and certain amendments to the warrants issued pursuant to the Warrant Indenture. The Warrant Indenture provided for the issuance of up to 10,141,987

SVS purchase warrants (each, a "**SVS Warrant**"), each of which when originally issued was exercisable to acquire one SVS at an exercise price of US$5.80 per SVS at any time prior to 4:00 p.m. on February 10, 2025. The Company modified the exercise price of the SVS Warrants to US$4.00 per SVS immediately prior to the Amended Arrangement becoming effective. In accordance with the Supplemental Indenture, each outstanding SVS Warrant upon completion of the Amended Arrangement, of which there were 6,085,192, was exchanged for: (i) 0.7 of a Fixed Share purchase warrant, with each whole Fixed Share purchase warrant (each, a "**Fixed Warrant**") exercisable to purchase one Fixed Share; and (ii) 0.3 of a Floating Share purchase warrant, with each whole Floating Share purchase warrant (each, a "**Floating Warrant**") exercisable to purchase one Floating Share. Upon completion of the Amended Arrangement, there were 4,259,633 Fixed Warrants and 1,825,556 Floating Warrants outstanding, each having an exercise price of US$4.00.

Change in Management

On June 24, 2020, immediately prior to the execution of the Proposal Agreement, Kevin Murphy resigned as Chief Executive Officer and President of the Company. Mr. Murphy continues to act as Chairman of the Board and contribute to the strategic direction of the Company. On the same date, director Bill Van Faasen was appointed to serve as the Company's Interim Chief Executive Officer until a permanent replacement has been identified.

Massachusetts Regulatory Update

Effective as of February 13, 2020, South Shore Biopharma, LLC ("**SSBP**") and MA RMD SVCS, LLC, subsidiaries of the Company, entered into termination and separation agreements with Patient Centric of Martha's Vineyard, Ltd. ("**PCMV**") and Health Circle, Inc. ("**Heath Circle**"), respectively. SSBP previously entered into a termination and separation agreement with Mass Medi Spa, Inc. However, such termination did not become effective until approved by the Cannabis Control Commission of Massachusetts (the "**CCC**") on July 9, 2020 pursuant to a stipulated agreement in which the Company agreed to make a US$250,000 payment to the Cannabis Control Commission Regulation Fund. As a result of such terminations, the Company's only operating relationship with a licensed entity in Massachusetts will be with its wholly owned subsidiary, The Botanist, Inc. Following termination, PCMV and Health Circle will still have notes outstanding to the Company for all amounts previously advanced by the Company. As of the date hereof, notes payable of approximately US$6 million and US$4.3 million remain outstanding for PCMV and Health Circle, respectively.

On July 9, 2020, the CCC voted to grant the Company provisional licenses for the retail sale of adult-use cannabis in Worcester and Shrewsbury. The Company intends to add adult-use retail sales to its existing The Botanist dispensary in Worcester, which opened as a medical marijuana treatment center in 2018, and a new The Botanist dispensary in Shrewsbury.

Compassionate Care Foundation

Effective as of November 15, 2019 certain subsidiaries of the Company and Compassionate Care Foundation, Inc. ("**CCF**"), a New Jersey vertically integrated cannabis non-profit corporation, entered into a reorganization agreement (the "**Reorganization Agreement**"), pursuant to which the Company agreed acquire 100% of the equity interests in CCF. On June 26, 2020, pursuant to the transactions contemplated by the Reorganization Agreement, and in accordance therewith, Acreage CCF New Jersey, LLC acquired 100% of the operations of CCF. In accordance with the terms of the Reorganization Agreement, Acreage assumed all debts, liabilities and obligations of CCF, including fees, costs and expenses to be incurred by CCF in connection with the dissolution and wind-up of CCF and paid to the former trustees of CCF an aggregate total of US$10 million at closing.

Short-Term Bridge Loan

On June 16, 2020, the Company entered into a short-term definitive funding agreement with an institutional investor for a total of US$15 million in gross proceeds (the "**Bridge Loan**"). The short-term definitive funding agreement had a maturity date of four months and bore interest at a per annum rate of 60%. It was secured by, among other items, the Company's cannabis operations in Illinois, New Jersey and Florida, as well as the Company's U.S. intellectual property.

On October 16, 2020, the Company repaid the principal amount and all accrued interest owing on the Bridge Loan.

Standby Equity Distribution

On May 29, 2020, the Company entered into a standby equity distribution agreement (the "**Standby Equity Distribution Agreement**") with an institutional investor (the "**Institutional Investor**"), under which the Company may, at its discretion, periodically sell to the Institutional Investor, and pursuant to which the Institutional Investor may, at its discretion, require the Company to sell to it, up to US$50 million of the Subordinate Voting Shares. As of the date of this Prospectus, the Company has not drawn down against the Standby Equity Distribution Agreement. It is a condition of the Institutional Investor's obligation to purchase shares of the Company under the Standby Equity Distribution Agreement that the Company borrow an amount equal to the amount of the purchase price for the shares requested to be sold under a credit agreement with the Insinuation Investor, and all conditions precedent to such borrowing under such credit agreement are satisfied prior to completion of the sale of any such shares under the Standby Equity Distribution Agreement.

It is the intention of the Company and the Institutional Investor that the Standby Equity Distribution Agreement be terminated upon the later of the Company receiving a receipt for this Prospectus and the registration statement that includes the ability for the Company to conduct an at-the-market offering becoming effective.

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 as part of an update to its overall strategic plan to focus on key, profitable operations.

Terminated Transactions

GCCC

During the year ended December 31, 2018, the Company entered into a definitive securities purchase agreement among Greenleaf Compassionate Care Center, Inc. ("**GCCC**"), GCCC Management, LLC ("**GCCCM**"), the equity holders of GCCCM and High Street, pursuant to which High Street agreed to acquire all ownership interests in GCCCM. GCCCM is a management company overseeing the operations of GCCC, a non-profit cultivation and processing facility in Rhode Island.

On April 3, 2020, the Company announced the termination of the securities purchase agreement among GCCC, GCCCM, the equity holders of GCCCM and High Street relating to the proposed acquisition of a dispensary in Rhode Island.

Deep Roots

Deep Roots Medical LLC

On April 17, 2019, High Street entered into an agreement and plan of merger (the "**Original Deep Roots Agreement**") with Deep Roots Medical LLC ("**Deep Roots**"), a vertically integrated license holder in Nevada, which was subsequently amended by a first amendment to the agreement and plan of merger dated July 22, 2019 (the "**Deep Roots Agreement Amendment**", and, together with the Original Deep Roots Agreement, the "**Deep Roots Agreement**"), pursuant to which High Street agreed to acquire 100% of Deep Roots for aggregate consideration of approximately US$120 million payable as to US$100 million in common High Street Units and US$20 million in cash.

The Deep Roots 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 of March 31, 2020 provided for in the Deep Roots Agreement.

Resignation of Larissa Herda

On March 24, 2020, the Company announced the resignation of Larissa Herda from the Company's Board.

Credit Facilities

On February 7, 2020, the Company announced, among other things, (i) that the Institutional Borrower, a Subsidiary of High Street, entered into the Institutional Credit Agreement with the Institutional Lender, its administrative agent, and the Poppins Borrower, as guarantor of the Institutional Borrower's obligations thereunder, pursuant to which the Institutional Credit Facility was established, with US$49,000,000 expected to be available upon the initial drawdown under the Institutional Credit Agreement, subject to Acreage providing sufficient cash collateral; and (ii) the Poppins Credit Facility.

In connection with the proposed Poppins Credit Facility, on March 6, 2020, the Original Poppins Credit Agreement a was entered into among the Poppins Borrower, as borrower, and Acreage IP Holdings, LLC, Prime Wellness of Connecticut, LLC, D&B Wellness, LLC and Thames Valley Apothecary, LLC, as guarantors, and Poppins, as lender, administrative agent and collateral agent. Subsequently, on March 17, 2020, Acreage announced that it was only able to drawdown on US$21,000,000 pursuant to the Institutional Credit Agreement with the Institutional Lender as it was only able to raise US$22,000,000 from Poppins pursuant to the Poppins Credit Agreement, with US$21,000,000 of such amount provided by Mr. Murphy. The Original Poppins Credit Agreement was subsequently amended in accordance with the Poppins Credit Agreement Amendment and the Second Poppins Credit Agreement Amendment. *See "Description of the Business - Business of the Company - Recent Developments - Arrangement with Canopy Growth - Credit Agreement Amendment"*.

On September 28, 2020, the Institutional Borrower, a wholly owned subsidiary of the Company, entered into the Institutional Loan Agreement with the Institutional Investor for gross proceeds of US$33,000,000. The Institutional Loan is unsecured, matures in three years, and bears interest at a 7.5% annual interest rate. At any time after September 28, 2022, upon five business days' notice to the Institutional Investor, the Institutional Borrower may prepay all or any portion of the Institutional Loan together with all interest accrued thereon, without any premium, bonus, penalty or other charge. The Institutional Loan is guaranteed by High Street.

See "*Description of Material Indebtedness*".

Private Placement and Qualification of Special Warrants

On February 10, 2020, the Company completed a private placement (the "**Private Placement**"), pursuant to which the Company issued an aggregate of 6,085,192 special warrants (the "**Special Warrants**") at a price of US$4.93 per Special Warrant, for aggregate gross proceeds to the company of US$29,999,996.56. Each Special Warrant consisted of a unit (each, a "**Special Warrant Unit**") comprised of one SVS and one SVS purchase warrant with an exercise price of US$5.80 exercisable for a period of five years

On February 25, 2020, the Company filed a prospectus supplement to its short form base shelf prospectus dated August 8, 2019 in order to qualify the Special Warrants issued under the Private Placement. In connection therewith, on February 28, 2020, the Special Warrants were automatically exercised (without payment of any further consideration) into Special Warrant Units. Proceeds of the Private Placement were used on general operating expenses for the Company's business.

RSU Grants

On February 20, 2020, the Board approved award grants pursuant to the Company's omnibus equity incentive plan approved by the shareholders of the Company on June 19, 2019 (the "**2019 Omnibus Plan**") to the Company's directors, executive officers and employees. The Board approved granting 2,611,951 RSUs in total. 147,950 RSUs granted to executive officers vested effective February 20, 2020, while 260,000 RSUs granted to employees vested effective March 31, 2020. The Board also approved the issuance of 2,204,001 RSUs as part of the Company's long-term incentive award program. Under the long-term incentive program, RSUs granted to members of the Board vest after one year and RSUs granted to executive officers and employees vest over three years.

As previously disclosed, certain executive officers are parties to lock-up and incentive award agreements (the "**Lock-Up Agreements**") entered into in connection with the Original Arrangement with Canopy Growth between such executive officers, the Company and Canopy Growth. The RSUs granted on February 20, 2020 to executive officers

are subject to the terms and conditions of the Lock-Up Agreements for the executive officers party to such Lock-Up Agreements.

Resignation of William Weld

On February 14, 2020, the Company announced the resignation of William Weld from the Company's Board. Mr. Weld resigned to focus on his political campaign.

Lease Dispute

On or around December 2019, the Company entered into three five-year leases to occupy approximately 70,000 square feet of commercial space on a cannabis cultivation campus in California. The Company is in an arbitration proceeding related to this commercial space and the commercial landlord is seeking to recover $12,100,000 from the Company. The Company intends to defend vigorously against all claims related to this matter.

Change of Auditor

Effective as of October 4, 2019, the Company changed its auditor from MNP LLP to Marcum LLP.

GreenAcreage Real Estate Corp. Sale-Leaseback Transactions

In October and November 2019, the Company closed a series of sale-and-leaseback transactions with GreenAcreage Real Estate Corp. ("**GreenAcreage**") for aggregate cash proceeds of approximately US$19 million. As part of these transactions, the Company disposed of real property assets in Pennsylvania, Florida, Massachusetts and Connecticut. GreenAcreage has committed to provide up to approximately US$43.9 million in additional financing in commitments or funding related to properties in Florida and Illinois. Assuming full utilization of this expansion financing, GreenAcreage's total investment in the properties will be approximately US$77.3 million, with US$72.3 million specifically allocated to the Company. Concurrent with the closings, the Company entered into long-term, triple-net lease agreements with GreenAcreage and will continue to operate the properties as licensed cannabis facilities.

REGULATORY OVERVIEW

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 licenses to engage in, or has management or consulting services agreements in place with license holders to assist in the manufacture, possession, use, sale or distribution of cannabis in the adult-use or medical cannabis marketplace in California, Connecticut, Florida, Illinois, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, 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. § 801 et seq.) (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 cannabidiol ("**CBD**"), a cannabinoid, or 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 use, distribution and possession 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 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 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 Prospectus, 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-CBD only laws for medical cannabis patients. All considered, approximately 95% of Americans now live in states or territories where some form of cannabis is legal.

The Obama 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 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 current 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 distribution of medical or adult-use cannabis, even if state law sanctioned such sale and distribution. 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 federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to effect transactions with 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 – "marijuana limited," "marijuana priority," and "marijuana 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 have 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, 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 pretence 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 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 Prospectus. 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 Prospectus 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	Prospectus 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"*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Prospectus Cross Reference
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*Pages v and vi (disclosure in bold typeface)* *"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 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"* *"Risk Factors - Risks Related to the United States Regulatory System - United States 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 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"* *"Risk Factors - Risks Related to the United States Regulatory System - 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 Related to the United States Regulatory System - 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 Prospectus, 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	Prospectus 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 - Maryland"* *"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 Jersey"*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Prospectus Cross Reference
		"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 - 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"*
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 - New Hampshire"* *"Regulatory Overview - The Regulatory Landscape on a U.S. State Level - Ohio"*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Prospectus Cross Reference
	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 - Ohio"*
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 - Ohio"*

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 an 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[3,4]	CWG Botanicals, Inc.[2,5]	Adult-Use / Medicinal	Ancillary	—	3	—	1
	Kanna, Inc.	Adult-Use / Medicinal	Direct	1	—	—	—
	Gravenstein Foods LLC	Adult-Use / Medicinal	Direct	—	1	—	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	1[7]	1	—	1
Illinois	In Grown Farms LLC 2	Adult-Use / Medicinal	Direct	—	1	—	1
	NCC LLC	Adult-Use / Medicinal	Direct	2	—	1	—
Maine	Wellness Connection of Maine[2]	Medicinal	Ancillary	4	1	4	1
	NPG, LLC	Adult Use	Direct	—	—	—	—
Maryland[6]	Maryland Medicinal Research & Caring, LLC	Medicinal	Direct	1	—	1	—
Massachusetts	The Botanist, Inc.	Adult-Use / Medicinal	Direct	3	1	1	1
Michigan	N/A	Medicinal	Ancillary	—	—	—	—
New Hampshire[2]	Prime Alternative Treatment Centers of NH, Inc.	Medicinal	Ancillary	1	1	1	1
New Jersey	Acreage CCF New Jersey, LLC	Medicinal	Direct	3	1	2	1
New York	NYCANNA, LLC (d/b/a The Botanist)	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	—	—
Oregon	HSCP Oregon, LLC	Adult-Use	Direct	2	1	2	1
	22nd & Burn, Inc.	Adult-Use	Direct	1	—	1	—

State	Entity	Adult-Use / Medicinal	Direct / Indirect / Ancillary	Dispensary Licenses	Cultivation / Processing / Distribution Licenses	Operational Dispensaries	Operational Cultivation / Processing Facilities
	The Firestation 23, Inc.	Adult-Use	Direct	1	—	1	—
	East 11th, Inc.	Adult-Use	Direct	1	—	1	—
	Gesundheit Foods LLC[7]	Adult-Use	Direct	—	2	—	1
Pennsylvania	Prime Wellness of Pennsylvania, LLC	Medicinal	Direct	—	1	—	1

Notes:

(1) Michigan licenses are in the process of being granted by the local and state regulatory authorities – Acreage has a relationship in the state to develop its footprint.
(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.
(6) On August 12, 2020, Acreage entered into an agreement to sell Maryland Medicinal Research & Caring, LLC ("MMRC") to a potential buyer, when permitted by state law. Subject to regulatory approval, the potential buyer and MMRC will enter into a management services agreement for the operation of the Maryland dispensary until such time that state law permits Acreage to transfer MMRC to the potential buyer.
(7) An MMTC in Florida is not limited in the number of dispensaries it can open.

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 operate, there are significant risks associated with their business and the business of the Subsidiaries. Further, the rules and regulations as outlined below are not a full complement of all the rules that the Subsidiaries are required to follow in each applicable state.

Although each state has its own laws and regulations regarding the operation of cannabis businesses, certain of the laws and regulations are consistent across jurisdictions. As a general matter, to operate legally under state law, cannabis operators must obtain a license from the state and in certain states must also obtain local approval. In those states where local approval is required, local authorization is a prerequisite to obtaining state licenses, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The license application 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 expertised 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 United States Securities and Exchange Commission ("**SEC**") enforcement attorney and experienced compliance professional and two experienced corporate attorneys and two paralegals. 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's strives to ensure its overall operations are in compliance with U.S. state law and the related licensing framework (see "*Regulatory Overview - 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 an 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, James A. Doherty, 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. 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;

- 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 comply 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 under such licenses.

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.

In accordance with the terms of the Amending Agreement and the Debenture, the Company is required to complete the Non-Core Divestitures within 18 months from the Amendment Date, pursuant to which it must divest of its assets in California, among other places, and limit its operations to the Identified States.

California License Types

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are 13 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. A distributor (Type 11) licensee is responsible for transporting cannabis goods between licensees, arranging for testing of cannabis goods, and conducting the quality assurance review of cannabis goods to ensure compliance with all packaging and labeling requirements. A licensed distributor may only distribute cannabis goods, cannabis accessories, and licensees' branded merchandise or promotional materials. Type 12 licenses are issued to microbusinesses and allow a licensee to engage in the cultivation of cannabis on an area of less than 10,000 square feet and act as a licensed distributor, level 1 manufacturer (Type 6), and retailer. A distributor transport only (Type 13) licensee is responsible for transporting cannabis goods between licensees, but may not transport any cannabis goods, except for immature cannabis plants and/or seeds, to a licensed retailer or to the retailer portion of a licensed microbusiness. A distributor transport only licensee who selected "Self-Distribution" during the application process may only transport cannabis goods that the licensee has cultivated or manufactured. A distributor transport only self-distribution licensee is not permitted to transport cannabis goods cultivated or manufactured by other licensees.

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

Subsidiary	License Number	City	Expiration Date	Description
CWG Botanicals, Inc.	CCLL18-0000104	Oakland	4/17/2021	Grow
CWG Botanicals, Inc.	CDPH-10002775	Oakland	4/24/2021	Manufacturing
CWG Botanicals, Inc.	C11-0000434-LIC	Oakland	6/19/2021	Distribution
Gravenstein Foods LLC	CDPH-10003051	Oakland	5/1/2021	Manufacturing
Kanna, Inc.	C10-0000419-LIC	Oakland	7/14/2021	Retailer

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.

Gravenstein holds one annual manufacturing license. Kanna holds a provisional license for a dispensary. CalCannabis is live on Franwell Inc.'s Marijuana Enforcement Tracking Reporting Compliance ("**METRC**") solution. 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 track and trace ("**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 US$9.65, per dry-weight ounce of cannabis flowers or US$1.35 per ounce of wet-weight plants. Further, cultivators are required to pay US$2.87 per ounce for cannabis leaves. California also imposes an excise tax of 15% when cultivators or manufacturers sell to the retail market. 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 Prospectus, 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. In June 2020, the list of qualifying conditions was expanded from 36 to 38, as chronic pain of at least six months duration associated with a specified underlying chronic condition refractory to other treatment intervention and Ehlers-Danlos Syndrome associated with chronic pain were added to the list of qualifying conditions. 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 August 31, 2020, there were approximately 45,211 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 its 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 CT DCP. 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 CT DCP.

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**"). Applicants are required to provide comprehensive business plans with demonstrated knowledge and experience on execution, detailed facility plans, forecasted performance and robust financial resources. Technical ability on plant and medical cannabis cultivation, infrastructure, processing, dispensing and safety are also assessed.

License holders are permitted to maintain one license. However, the one license allows the licensee to open one cultivation/processing site and up to 40 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. The state does not allow the smoking of cannabis for medical use and does not permit the dispensing of whole flowers. As of August 21, 2020, there were 399,253 patients with an approved medical ID card, 22 approved medical cannabis treatment centers and 270 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 US$69 million, with US$65 million paid in cash and US$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 eight locations for dispensaries in Brandon, St. Petersburg, Hollywood, Spring Hill, Daytona, Orange Park, North Miami Beach and in Miami. Acreage Florida opened its first dispensary in Spring Hill, Florida on March 9, 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.

In accordance with the terms of the Amending Agreement and the Debenture, the Company is required to complete the Non-Core Divestitures within 18 months from the Amendment Date, pursuant to which it must divest of its assets in Florida, among other places, and limit its operations to the Identified States.

Florida Reporting Requirements

The FDH is 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 FDH 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 FDH 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 Department 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. MMTC's can operate up an unlimited number of dispensaries throughout the State. Applicants must demonstrate (and licensed MMTC's 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 FDH, (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 FDH, (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 FDH, 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

The FDH requires that the MMTC license holder establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the department to data from all 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 FDH 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 FDH may conduct announced or unannounced inspections of MMTC's to determine compliance with applicable laws and regulations. The FDH 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 FDH 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, chronic pain, Crohn's disease and post-traumatic stress disorder. As of August 6, 2020, approximately 125,344 patients have been registered under the IL Medical Act and are qualified to purchase cannabis and cannabis products from registered dispensaries.

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 IL 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 July 31, 2020, there were 67 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/processing licenses as well as a license to process industrial hemp.

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 received an adult use license for its Rolling Meadows location on February 3, 2020 and also received an adult use license for a secondary site in Chicago, which is in the process of being opened.

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
NCC	AUDO.000064	Chicago	3/21/2021	Registered Adult Use Dispensing Organization
IGF	1503060729	Freeport	3/9/2021	Medical Cannabis Cultivation/ Processing Facility
IGF	1503060729-EA	Freeport	3/21/2021	Early Approval Adult Use Cultivation
IGF	1204-321	Freeport	12/31/2022	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 Medical 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 states 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 Medical 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 Prospectus, 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 - United States Regulatory Uncertainty*".

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. In March 2019, OMP contracted with Cannabis Public Policy Consulting (formerly Freedman & Koski in partnership with Advocates for Human Potential) to provide consulting services related to marijuana rulemaking. A month later, the first draft of Maine's adult use rules were released for public review and comment. In May 2019, the Office formally proposed rules to govern Maine's adult use program and submitted provisionally adopted rules to the 129th Legislature on June 5, 2019. Governor Mills signed LD 719—An Act to Amend the Adult Use Marijuana Law—on June 27, 2019. LD 719 made several changes to the *Marijuana Legalization Act* (Maine) ("**MLA**") and, most importantly, authorized OMP to proceed with final adoption of adult use rules.

The OMP is currently engaged in licensing adult use marijuana establishments through the process required by the MLA. As of August 31, 2020, there are a total of 199 establishments including caregivers in possession of adult use conditional licenses. Thirty-two of these entities have obtained local authorization. There are another 172 applications currently pending.

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**"), an indirect Subsidiary 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	9/16/2021	Dispensary
WCM	DSP103	Gardiner	12/22/2020	Dispensary
WCM	DSP108	Brewer	6/15/2021	Dispensary
WCM	DSP102	Auburn	6/15/21	Grow/Process

The Maine vertically integrated dispensary certificate of registration is valid for one year from the date of issuance. Each certificate of registration for dispensaries allows cultivation, processing and dispensing. WCM cultivates and processes at one centralized location for its four dispensaries. The cultivation facility and retail site of a dispensary must comply with all requirements and prohibitions of the Maine statutes and regulations. Failure to comply may result in enforcement action including, but not limited to, termination of the registration certificate. The dispensary must receive both state licensing and municipal approval.

The dispensary must submit an application for the renewal of a current registration certificate with all required documentation and the required fees 60 days prior to the expiration date. Failure to submit a timely, complete renewal packet may be grounds for denial of the renewal and may result in expiration of the registration certificate to operate the dispensary. Once the application is received and validated, an inspection is scheduled which is conditional for the renewal. The certificate of registration holders must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of 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 Prospectus, 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 - United States Regulatory Uncertainty*".

Maryland

Maryland Legislative history

In May 2013, the then Governor of Maryland signed House Bill 1101, Chapter 403 which established the Natalie M. LaPrade Maryland Medical Cannabis Commission ("**MMCC**"). The MMCC is an independent commission that functions within the Department of Health and Mental Hygiene. The MMCC was created for investigational use of medical cannabis. MMCC develops policies, procedures, and regulations to implement programs that ensure medical cannabis is available to qualifying patients in a safe and effective manner.

On December 1, 2017, after close to a five-year delay, the Maryland Medical Marijuana program ("**MMMP**") became operational and sales commenced. The program was written to allow access to medical cannabis for patients with conditions that are considered severe and for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and post-traumatic stress disorder. As of August 17, 2020, approximately

109,713 certified patients are registered and hold medical licenses allowing them to purchase cannabis and cannabis products from a dispensary.

Maryland Licenses

The MMCC oversees all licensing, registration, inspection, and testing measures pertaining to the MMMP and provides relevant program information to patients, providers, caregivers, growers, processors, dispensaries and testing laboratories. A dispensary is licensed under Subtitle 33 Section § 13-3307 and a dispensary agent registered under § 13-3308.

The MMCC have issued a limited number of dispensary, producer/growers and processing licenses. There are currently 102 state licensed dispensaries, 14 growers and 14 processors throughout Maryland.

The table below lists the licenses issued to Maryland Medical Research & Caring, LLC, an indirect Subsidiary of the Company:

Subsidiary	**License Number**	**City**	**Expiration Date**	**Description**
Maryland Medical Research & Caring, LLC	D-18-00043	Windsor	7/26/2024	Dispensary

After the first expiration of the approved license, the dispensary, grower and processing licensee is required to renew every two years. Licensees are required to submit a renewal application per the guidelines published by the MMCC. 90 days prior to the expiration of a license, the MMCC notifies the licensee of the date on which the license expires, provides the instructions and fee required to renew the license and the consequences of failure to renew. At least 30 business days before a license expires, the licensee must submit the renewal application as provided by the MMCC. The license holders must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of this state.

In accordance with the terms of the Amending Agreement and the Debenture, the Company is required to complete the Non-Core Divestitures within 18 months from the Amendment Date, pursuant to which it must divest of its assets in Maryland, among other places, and limit its operations to the Identified States. On August 12, 2020 Acreage entered into a definitive agreement with an undisclosed buyer pursuant to which such buyer, when permitted by state law, will purchase all of the issued and outstanding membership interests of Maryland Medicinal Research & Caring, LLC (“MMRC”). Due to regulatory restrictions regarding license transfers, the potential buyer, upon approval by the MMCC, will enter into a management services agreement with MMRC until the requisite time has elapsed before Acreage and the potential buyer can close the transaction under the definitive agreement.

Maryland Record-keeping/Reporting

Maryland uses METRC as the T&T system to track commercial cannabis activity. Maryland Medical Research & Caring, LLC also uses METRC to push the data to the State to meet all reporting requirements. All cannabis products dispensed are documented at point of sale via the T&T system. Each dispensary must submit to the MMCC a quarterly report which includes (a) number of patients served, (b) county of residence of each patient served, (c) medical condition for which medical cannabis was recommended, (d) type and amount of medical cannabis dispensed, and (e) if available, a summary of clinical outcomes, including adverse events and any cases of suspected diversion.

A dispensary licensee shall maintain a secure, tamper-evident record of each purchase by a patient that contains the name and address of the patient, the quantity and name of the product purchased by the patient and specific identification number of the product. A dispensary licensee shall maintain a duplicate set of all records at a secure, off-site location. Unless otherwise specified, a licensee shall retain a record for a period of five years.

Maryland Inventory/Storage

The licensee must establish standard operating procedures for all aspects of the receipt, storage, packaging, labeling, handling, tracking and dispensing of products containing medical cannabis and waste. Upon receipt of a cannabis product, each product must be promptly cataloged into the T&T system. The licensee trains each registered dispensary agent on the standard operating procedure.

All medical cannabis inventory must be stored in a secure room which, among other requirements, is constructed of concrete or similar building material resilient enough to prevent and deter unauthorized entry.

Maryland Security

The licensee shall maintain a security alarm system that covers all perimeter entry points, windows and portals at the premises. Facilities must maintain a motion-activated video surveillance recording system at the premises that records all activity in images of high quality and high resolution and clearly reveals facial detail. The system must be able to operate 24 hours a day, seven days a week without interruption. Recordings are kept in a secure area with minimal access in an off-site location. The surveillance videos will be retained for a minimum of 30 calendar days.

Maryland Transportation

Maryland regulations provide that cannabis products must be shipped by either a secure transportation company or a shipping licensee itself. A shipping licensee shall use one transportation agent, who shall carry identification approved by the MMCC, to accompany shipment of products containing medical cannabis and ensure that the product is secured at all times during transport. Upon arrival of a medical cannabis transport vehicle, the transportation agent must notify an appropriate registered processor agent to continue the chain of custody of the shipment of products containing cannabis.

An agent of the receiving licensee must:

- log into the electronic manifest,
- take custody of a shipment of products containing cannabis,
- confirm that:
  - the transportation agent is carrying appropriate identification,
  - the packaging is secure, undamaged, and appropriately labeled,
  - each package in the shipment is labeled as described in the electronic manifest; and
  - the contents of the shipment are as described in the electronic manifest;
- record the confirmations in the electronic manifest;
- obtain in the electronic manifest the signature or identification number of the transportation agent who delivers the shipment;
- record in the electronic manifest the date and time the receiving agent takes custody of the shipment;
- enter the products containing cannabis into the inventory control system;
- segregate the items in the shipment from the inventory until the item can be inspected;
- inspect each item to ensure that the packaging of each item is undamaged, accurate and complete; and
- upon determining the item passes inspection, release the item into the stock.

The transportation agent must provide a copy of the electronic manifest for the shipment to the receiving licensee. The transportation agent must also provide the completed electronic manifest to the shipping licensee and retain the electronic manifest for the shipment for five years.

A transportation agent driving a medical cannabis transport vehicle shall have a current driver's license. While on duty, a transportation agent may not wear any clothing or symbols that may indicate ownership or possession of cannabis.

Maryland Inspections

The Maryland Act provides that the MMCC may inspect a licensed cultivators, processors and dispensaries to ensure compliance with Maryland rules. The MMCC will inspect each licensed facility prior to granting license renewals. Any member of the MMCC or any state employee or contractor designated by the MMCC may carry out an inspection.

Inspections may be announced or announced, and failure by a licensed grower, licensed processor, licensed dispensary or registered independent testing laboratory to provide the Commission with immediate access to any part of a

premises, requested material, information, or agent as part of an inspection may result in the imposition of a civil fine, suspension of license, or revocation of license.
During an inspection, the MMCC may: (1) review and make copies of all records; (2) enter any place, including a vehicle, in which medical cannabis is held, dispensed, sold, produced, tested, delivered, transported, manufactured or otherwise disposed of; (3) inspect all equipment, raw and processed material, containers and labeling, and all things therein including records, files, data and research, among other items; (4) inventory any medical cannabis; (5) inspect any equipment, instruments, tools or machinery used to process medical cannabis or medical cannabis products; and (6) question personnel present at the location and any agent of the licensee.

U.S. Attorney Statements in Maryland

To the knowledge of management of the Company, other than as disclosed in this Prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Maryland. See "*Risk Factors - United States Regulatory Uncertainty*".

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, Medical Marijuana Treatment Center ("**MTC**"), and MTC 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, approximately 59,000 patients have been registered to purchase medical cannabis products in Massachusetts. The MA Program is administrated by the CCC.

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 CCC. The CCC consists of five commissioners and regulates the Massachusetts Recreational Marijuana Program as well as the MA Program. Adult-use of cannabis in Massachusetts started in July 2018.

Massachusetts Licenses

Under the MA Program, MTCs are heavily regulated. Vertically integrated MTCs grow, process, and dispense their own cannabis. As such, each MTC 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. An MTC's cultivation location may be in a different municipality or county than its retail facility.

The MA Program mandates a comprehensive application process for MTCs. 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 MTC. Municipalities may individually determine what local permits or licenses are required if an MTC 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 / MSA Party	**License Number**	**City**		**Expiration Date**	**Description**
The Botanist, Inc.	No. 043	Sterling		5/17/2021	MTC Cultivation/Processing

The Botanist, Inc.	No. 043	Worcester		5/17/2021	MTC Dispensary
The Botanist, Inc.	Provisional	Leominster		Not applicable	MTC Dispensary
The Botanist, Inc.	Provisional	Shrewsbury		Not applicable	MTC 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. However, such terminations are not effective until approval is received from the CCC, the timing of which is in the CCC's discretion. Once such terminations are accepted by the CCC, the Company's only operating relationship with a licensed entity in Massachusetts will be with its wholly owned subsidiary, The Botanist, Inc. Following termination, PCMV and Health Circle will still have notes outstanding to the Company for all amounts previously advanced by the Company. As of the date hereof, notes payable of approximately US$6 million and US$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 MTC, (g) failure to cooperate or give information to relevant law enforcement related to any matter arising out of conduct at an MTC, and (h) lack of responsible MTC 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.

Colocated Marijuana Operations ("**CMO**")

The State of Massachusetts allows entities to operate and share premises under both an MTC registration pursuant to 935 CMR 501.000: Medical Use of Marijuana and under a license pursuant to 935 CMR 500.000: Adult Use of Marijuana. If an entity does Colocate than they must adhere to additional regulations. As an example, a CMO retailer must be able to separately account for medical use and Adult use sales and all inventory must be stored separately between Medical use and Adult use. Colocated marijuana operations pertain to cultivation, product manufacturing, and retail, but not any other adult-use license. The Sterling, Worcester and Shrewsbury locations intend to operate as CMOs.

Massachusetts Dispensary Requirements (Medical)

An MTC 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 MTC 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 an MTC must comply with. More specifically, an MTC is to comply with all local requirements regarding siting, provided however that if no local requirements exist, an MTC 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 MTC. The MA Program requires that MTCs limit their inventory of seeds, plants, and useable marijuana to reflect the projected needs of registered qualifying patients. An MTC 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. The Botanist, Inc. uses METRC to capture and send all required data points for cultivation, manufacturing, and retail as required by applicable law.

The MA Program requires that MTC 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, MTCs 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, MTCs 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, MTCs 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. MTCs 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 MTC 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 MTCs meet the rigorous security standards laid out by the MA Program, use of surveillance cameras is mandated. MTCs 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. An MTC 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 MTCs 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 an MTC and affiliated vehicles at any time without prior notice. An MTC shall immediately upon request make available to the CCC information that may be relevant to a CCC inspection, and the CCC may direct an MTC to test marijuana for contaminants. Any violations found will be noted in a deficiency statement that will be provided to the MTC, and the MTC 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.

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 Prospectus, 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 - United States Regulatory Uncertainty*".

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, Michigan adult-use cannabis sales in commenced.

Michigan Licenses

High Street 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 High Street 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 High Street and the relevant affiliated entity. At this time, the affiliated entity has received its "pre-qualification" status from the Michigan Regulatory Authority and currently holds local and state licenses in Detroit, a local license in Battle Creek, and is seeking a local license in Bay City.

In accordance with the terms of the Amending Agreement and the Debenture, the Company is required to complete the Non-Core Divestitures within 18 months from the Amendment Date, pursuant to which it must divest of its assets in Michigan, among other places, and limit its operations to the Identified States.

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 Prospectus, 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 - United States Regulatory Uncertainty*".

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. 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 January 8, 2020 the New Hampshire House of Representatives voted to add insomnia and opioid use disorder to the list of qualifying conditions, though the opioid use disorder carries significant restrictions. 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 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 October 2019, approximately 5,566 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 Center Consulting, LLC a Subsidiary of the Company:

MSA Party	License Number	City	Expiration Date	Description
Prime Alternative Treatment Centers of NH, Inc.	ATC-001	Merrimack/ Peterborough	6/30/2021	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. The cultivation and processing facility is located in Peterborough, New Hampshire and the dispensary is located in Merrimack, New Hampshire.

New Hampshire Record-keeping/Reporting

New Hampshire selected BioTrack THC as the T&T system for commercial cannabis activity. PATC currently uses BioTrack THC 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, and all recordings must be retained for at least 90 calendar days. 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 Prospectus, 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 - United States Regulatory Uncertainty*".

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 nine permits and has accepted applications for an additional six vertical 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 July 24, 2019, approximately 81,111 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 June 26, 2020, Acreage closed the transactions contemplated by the reorganization agreement dated November 15, 2019, by and among Acreage, CCF and certain other parties, pursuant to which Acreage acquired the assets and liabilities, including the ATC license, of CCF, for US$10,0000,000 cash and the conversion of the existing loan between CCF and Acreage. Acreage CCF New Jersey, LLC ("**Acreage CCF**") is now a licensed ATC in New Jersey.

The table below lists the permit issued to Acreage CCF:

Subsidiary	Permit Number	City	Expiration Date	Description
Acreage CCF New Jersey, LLC	10042013	Egg Harbor in Atlantic County, Atlantic City	12/31/2020	Cultivate and 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. Acreage CCF uses BioTrack THC 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. Acreage CCF also has security guards at both the Egg Harbor and Atlantic City locations.

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 U.S. 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 Prospectus, 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 - United States Regulatory Uncertainty*".

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 September 1, 2020, there were 124,178 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	7/21/2021	Medical Dispensary
NYCANNA, LLC	MM0602D	Jamaica	7/21/2021	Medical Dispensary
NYCANNA, LLC	MM0603D	Farmingdale	7/21/2021	Medical Dispensary
NYCANNA, LLC	MM0604D	Buffalo	7/21/2021	Medical Dispensary
NYCANNA, LLC	MM0605D	Wallkill	7/21/2021	Possession, sale, transportation and distribution

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 Prospectus, 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 - United States Regulatory Uncertainty*".

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. The Ohio Medical Marijuana Control Program ("**OMMCP**") allows people with certain medical conditions, including Alzheimer's disease, HIV/AIDS, ALS, cancer, traumatic brain injury, chronic pain, post traumatic stress disorder and cachexia, to 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 July 31, 2020, there were approximately 125,000 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 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	2/28/2021	Processing
GLG	ID TBD	Middlefield	12/1/2020	Grow

GLA currently has five operational dispensaries in each of Akron, Cleveland, Canton, Wickliffe and Columbus. In October 2019, GLA entered into a settlement agreement with the Ohio Board of Pharmacy that provides, among other things, 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.

As of March 16th, 2020, GLT began operating a 21,000 square foot processing facility in Middlefield, Ohio which currently produces a variety of "The Botanist" branded products.

Additionally, GLG is currently in the final stages of construction of its grow facility which expects to become operational by the end of October 2020.

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. All licensees 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. Processing and cultivation facilities are also required to have secondary alarm systems installed and monitored by a vendor that differs from the primary alarm system.

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 in METRC 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 through METRC before 11:59 p.m. on 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 Prospectus, 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 - United States Regulatory Uncertainty*”.

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	See below	Dispensary Facility
HSCP Oregon, LLC	1003642197C	Medford	See below	Producer
Gesundheit Foods LLC	1013975ABC8	Milwaukie	See below	Processor

On January 14, 2020, each of East 11th Incorporated, 22nd and Burn Inc., and The Firestation 23 Inc., along with the HSCP Oregon, LLC dispensary in Springfield, received a letter from the OLCC permitting these entities to continue to operate while the OLCC reviews their renewal applications. On July 28, 2020, HSCP Oregon, LLC received a letter from the OLLC permitting the producer in Medford to continue to operate while the OLCC reviews their renewal applications. On March 10, 2020, HSCP Oregon, LLC received a letter from the OLLC permitting the dispensary in Portland to continue to operate while the OLCC reviews their renewal applications.

On June 3, 2020, Gesundheit Foods LLC requested to temporarily close its wholesaler and processor operations under regulation 845-025-1160(c). On July 14, 2020 HSCP Oregon, LLC requested to temporarily close its producer operations in Medford under regulation 845-025-1160 (c).

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.

In accordance with the terms of the Amending Agreement and the Debenture, the Company is required to complete the Non-Core Divestitures within 18 months from the Amendment Date, pursuant to which it must divest of its assets in Oregon, among other places, and limit its operations to the Identified States.

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 Prospectus, 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 - United States Regulatory Uncertainty*".

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 August 1, 2020, more than 390,000 patients in Pennsylvania have registered to participate in the medical marijuana program, and more than 230,000 have active 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 July 31, 2018, the PADOH announced it issued 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	6/20/2021	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 two 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 Prospectus, 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 - United States Regulatory Uncertainty*".

THE SELLING SECURITYHOLDERS

Securities may be sold under this Prospectus by way of secondary offering by or for the account of certain of our securityholders. The Prospectus Supplement that will be filed in connection with any offering of Securities by any selling securityholder will include the following information:

- the name of each selling securityholder;
- if the selling securityholder is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside Canada, the name and address of the person or company the selling securityholder has appointed as agent for service of process;
- the number or amount of Securities owned, controlled or directed of the class being distributed by each selling securityholder;
- the number or amount of Securities of the class being distributed for the account of each selling securityholder;
- the number or amount of Securities of any class to be owned, controlled or directed by the selling securityholders after the distribution and the percentage that number or amount represents of the total number of our outstanding Securities;
- whether the Securities are owned by the selling securityholders both of record and beneficially, of record only, or beneficially only; and
- all other information that is required to be included in the applicable Prospectus Supplement.

USE OF PROCEEDS

The net proceeds to the Company from any offering of Securities and the proposed use of those proceeds will be set forth in the applicable Prospectus Supplement relating to that offering of Securities. Among other potential uses, the Company may use the net proceeds from the sale of Securities for general corporate purposes, including funding ongoing operations and/or working capital requirements, to repay indebtedness outstanding from time to time, and to fund capital projects and potential future acquisitions. The Company will not receive any proceeds from any sale of any Securities by any selling securityholder(s).

Management of the Company will retain broad discretion in allocating the net proceeds of any offering of Securities by the Company under this Prospectus and the Company's actual use of the net proceeds will vary depending on the availability and suitability of investment opportunities and its operating and capital needs from time to time. All expenses relating to an offering of Securities and any compensation paid to underwriting dealers or agents as the case may be, will be paid out of the proceeds from the sale of Securities, unless otherwise stated in the applicable Prospectus Supplement. See "*Risk Factors - Discretion in the Use of Proceeds*".

The Company may, from time to time, issue securities (including Securities) other than pursuant to this Prospectus.

DESCRIPTION OF THE SHARE CAPITAL OF THE COMPANY

The Company is authorized to issue an unlimited number of Fixed Shares, an unlimited number of Floating Shares and an unlimited number of Fixed Multiple Shares. The outstanding capital of the Company as at October 20, 2020 consists of: (i) 71,182,977 Fixed Shares; (ii) 30,558,196 Floating Shares, and (iii) 117,600 Fixed Multiple Shares. All of the issued and outstanding Fixed Multiple Shares are held by Mr. Murphy.

As at October 20, 2020, the Fixed represent approximately 11.72% of the voting rights attached to outstanding securities of the Company, the Floating Shares represent approximately 5.03% of the voting rights attached to outstanding securities of the Company and the Fixed Multiple Shares represent approximately 83.25% of the voting rights attached to outstanding securities of the Company.

The following is a summary of the rights, privileges, restrictions and conditions attached to the Fixed Shares, the Floating Shares and the Fixed Multiple Shares, but does not purport to be complete. Reference should be made to the Articles of the Company and the full text of their provisions for a complete description thereof, which are available under the Company's profile on SEDAR at www.sedar.com.

In connection with the Amended Arrangement, the Fixed Shares, Floating Shares and Fixed Multiple Shares have the rights, privileges, restrictions and conditions as set forth in Exhibit A hereof, which provide Canopy Growth with the Canopy Call Option and the Floating Call Option in respect thereof, as applicable.

Fixed Shares

Holders of Fixed 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 Fixed Shares are entitled to one vote in respect of each Fixed Share held.

As long as any Fixed Shares remain outstanding, the Company may not, without the consent of the holders of the Fixed 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 Fixed Shares.

Holders of Fixed Shares are entitled to receive as and when declared by the Board, dividends in cash or property of the Company. No dividend may be declared on the Fixed Shares unless the Company simultaneously declares dividends on: (i) the Fixed Multiple Shares, in an amount per Fixed Multiple Share equal to the amount of the dividend declared per Fixed Share; and (ii) the Floating Shares, in an amount per Floating Share equal to the amount of the dividend declared per Fixed 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 Fixed Shares are entitled to participate *pari passu* with the holders of Floating Shares and Fixed Multiple Shares, with the amount of such distribution per Fixed Share equal to each of: (i) the amount of such distribution per Floating Share; and (ii) the amount of such distribution per Fixed Multiple Share.

Holders of Fixed 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 Fixed Shares unless, simultaneously, the Floating Shares and Fixed Multiple Shares are subdivided or consolidated utilising the same divisor or multiplier.

Floating Shares

Holders of Floating 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 Floating Shares are entitled to one vote in respect of each Floating Share held.

As long as any Floating Shares remain outstanding, the Company may not, without the consent of the holders of the Floating Shares expressed 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 Floating Shares or affect the rights of the holders of Fixed Shares, Floating Shares or Fixed Multiple Shares on a per share basis. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Floating Shares has one vote in respect of each Floating Share held.

Holders of Floating Shares are entitled to receive, as and when declared by the Board, dividends in cash or property of the Company. No dividend may be declared on the Floating Shares unless the Company simultaneously declares dividends on: (i) the Fixed Shares in an amount equal to the dividend declared per Floating Shares; and (ii) on the Fixed Multiple Shares in an amount equal to the dividend declared per Floating 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 Floating Shares are entitled to participate *pari passu* with: (i) the holders of Fixed Shares in an amount equal to the amount of such distribution per Fixed Share; (ii) the holders of Fixed Multiple Share in an amount equal to the amount of such distribution per Fixed Multiple Share.

Holders of Floating 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 be no subdivision or consolidation of the Floating Shares unless, simultaneously, the Fixed Shares and Fixed Multiple Shares are subdivided or consolidated using the same divisor or multiplier.

Fixed Multiple Shares

Holders of Fixed Multiple 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.

Fixed Multiple Shares provide voting control of the Company to Mr. Murphy. As long as any Fixed Multiple Shares remain outstanding, the Company will not, without the consent of the holders of the Fixed Multiple 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 Fixed Multiple Shares, or affect the rights or special rights of the holders of Fixed Shares, Floating Shares and Fixed Multiple Shares on a per share basis as provided in the Articles. Consent of the holders of a majority of the outstanding Fixed Multiple 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 Fixed Multiple Shares. In connection with the exercise of

the voting rights in respect of any such approvals, each holder of Fixed Multiple Shares has one vote in respect of each Fixed Multiple Share held.

Holders of Fixed Multiple Shares are entitled to receive, as and when declared by the Board, dividends in cash or property of the Company. No dividend may be declared on the Fixed Multiple Shares unless the Company simultaneously declares dividends: (i) on the Fixed Shares, in an amount equal to the dividend declared per Fixed Multiple Share; and (ii) on the Floating Shares, in an amount equal to the dividend declared per Fixed Multiple 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 Fixed Multiple Shares are entitled to participate *pari passu* with the holders of Fixed Shares and Floating Shares, in an amount equal to: (i) the amount of such distribution per Fixed Share; and (ii) the amount of such distribution per Floating Share.

Holders of Fixed Multiple Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of shares, bonds, debentures or other securities of the Company.

No Fixed Multiple Share may be transferred by the holder thereof without the prior written consent of the Board.

There may be no subdivision or consolidation of the Fixed Multiple Shares unless, simultaneously, the Fixed Shares and Floating Shares are subdivided or consolidated utilizing the same divisor or multiplier.

On the date on which the Acquisition is competed, each issued and outstanding Fixed Multiple Share shall be automatically converted, in accordance with the Amended Arrangement, into such number of Fixed Shares as is determined by multiplying the number of Fixed Multiple Shares by one.

Coattail Agreement

The Company, Odyssey Trust Company, as trustee for the benefit of the holders of shares of the Company (in such capacity, the "**Trustee**"), Mr. Murphy and Murphy Capital, LLC (together, the "**MVS Shareholders**") entered into a coattail agreement dated November 14, 2018 (the "**2018 Coattail Agreement**"). In accordance with the Amended Arrangement, the 2018 Coattail Agreement was amended pursuant to an amendment agreement among such parties dated September 23, 2020 (the "**Coattail Amendment Agreement**", and together with the 2018 Coattail Agreement, the "**Coattail Agreement**") to provide the proposed holders of Fixed Shares ("**Fixed Shareholders**") and Floating Shares ("**Floating Shareholders**") with the same rights against the holders of Fixed Multiple Shares (the "**Fixed Multiple Shareholders**") as the holders of SVS had against the MVS Shareholders under the 2018 Coattail Agreement. Under the Coattail Agreement, the Fixed Multiple Shareholders and holders of High Street Units, are prohibited from selling, directly or indirectly, any Fixed Multiple Shares or High Street Units pursuant to a takeover bid, if applicable securities legislation would have required the same offer to be made to Fixed Shareholders and Floating Shareholders had the sale been a sale of Fixed Shares or Floating Shares rather than Fixed Multiple Shares or High Street Units.

Restricted Securities Disclosure

The Fixed Shares and Floating Shares are each "restricted securities" within the meaning of such term under applicable Canadian securities laws, in that the Fixed Multiple Shares carry a greater number of votes per share than both the Fixed Shares and the Floating Shares. The Capital Reorganization constituted a "restricted security reorganization" within the meaning of such term under applicable Canadian securities laws. The Company has complied with the requirements of Part 12 of National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**") in order to be able to file a prospectus under which the Fixed Shares, Floating Shares or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, the Fixed Shares and/or Floating Shares are distributed, as the Company received the requisite prior majority approval of shareholders of the Company at the special meeting of shareholders held on September 16, 2020, in accordance with applicable law, including Section 12.3 of NI 41-101, for the Capital Reorganization.

DESCRIPTION OF MATERIAL INDEBTEDNESS

As of the date hereof, Acreage, or a Subsidiary thereof, as applicable, is party to the Institutional Credit Agreement, the Poppins Credit Agreement, the Debenture and the Institutional Loan Agreement (collectively, the "**Credit Agreements**"). The Credit Agreements are described below:

Institutional Credit Facility

The Institutional Credit Agreement provides for loans with an aggregate principal amount of up to US$100,000,000 to be drawn by the Institutional Borrower in up to three tranches. The Institutional Credit Facility matures two years from the date on which the first advance is made, or such later date as may apply pursuant to the extension provisions in the Institutional Credit Agreement. Drawing on the first advance was conditional upon the satisfaction of certain closing conditions, including the closing of the Poppins Credit Facility. On March 17, 2020 Acreage announced that the Institutional Borrower completed a drawdown on US$21,000,000 pursuant to the Institutional Credit Agreement with the Institutional Lender.

Interest on advances under the Institutional Credit Facility is payable monthly as follows: (a) 2.55% per annum on the principal amount of the first advance; (b) 1.25% per annum on the principal amount of the second advance; and (c) a per annum interest rate to be negotiated on the principal amount of the third advance. In addition to the interest payable on the advances, the Institutional Borrower is required to pay the following set-up fees: (a) an amount equal to 1.25% of the first advance on the date on which the first advance is made; (b) an amount equal to 0.50% of the amount of second advance on the date on which the second advance is made; and (c) a fee to be negotiated for the third advance. From and after the date of the occurrence of an Event of Default (as defined in the Institutional Credit Agreement) and for so long as such Event of Default continues, the aggregate principal amount outstanding under the Institutional Credit Facility shall bear interest or fees at the rates otherwise applicable plus 2% per annum.

Under the terms of the Institutional Credit Agreement, the Poppins Borrower, as guarantor, is at all times required to maintain an amount not less than the sum of the aggregate principal amount of all outstanding advances made under the Institutional Credit Facility plus US$1,000,000 in a restricted bank account (the "**Restricted Account**"). The Institutional Credit Facility is secured by a guarantee from the Poppins Borrower and a security agreement granted by the Poppins Borrower over the Restricted Account.

Poppins Credit Facility

In order to fund the Restricted Account pursuant to the Institutional Credit Agreement, on March 11, 2020, Poppins Borrower drew the first advance of US$22,000,000 (the "**Poppins Borrowed Amount**") under the Poppins Credit Agreement and deposited the funds into the Restricted Account (the "**Poppins Loan Transaction**"). Kevin Murphy, the Company's former Chief Executive Officer and current Chair of the Board, loaned US$21,000,000 of the Poppins Borrowed Amount to Poppins in connection with the Poppins Loan Transaction. The maturity date for borrowings under the Poppins Credit Facility, subject to acceleration in certain instances, is 366 days from the closing date of the Poppins Credit Facility. All funds drawn under the Poppins Credit Facility are required to be deposited into the Restricted Account as security for repayment of funds borrowed by the Institutional Borrower under the Institutional Credit Agreement.

Interest on the principal amount borrowed under the Poppins Credit Facility was to be satisfied by the Poppins Borrower delivering to the Poppins Lender 83,333 SVS per month (or 58,333 Fixed Shares and 24,999 Floating Shares), or 1,000,000 SVS (or 700,000 Fixed Shares and 300,000 Floating Shares) in the aggregate (the "**Interest Shares**"). The Company was advised that Mr. Murphy was not a member, an officer nor a director of Poppins and that Mr. Murphy was entitled to receive, assuming full repayment of the Poppins Borrowed Amount at maturity, US$23,100,000 along with up to 304,001 SVS, forming part of the Interest Shares, which entitlement to Interest Shares he forfeited in accordance with the Amended Arrangement as further described below.

In accordance with the Poppins Credit Facility, Acreage IP Holdings, LLC, an indirect Subsidiary of the Company which holds its non-United States intellectual property, provided a guarantee and granted a security interest in the non-U.S. intellectual property owned by Acreage and its affiliates to Poppins (the "**IP Security**"). Upon the occurrence of an Event of Default (as defined in the Poppins Credit Agreement), Poppins shall have the right to enforce its IP Security and sell such collateral to a third party. In the event that such third party does not acquire such IP Security

from Poppins, Poppins may enforce its IP Security and accept such collateral in satisfaction of the Poppins Borrower's obligations to Poppins. In the event that the transfer of the IP Security to Poppins in the foregoing scenarios does not take place, Poppins will require Acreage to issue up to 8,800,000 SVS (or 6,160,000 Fixed Shares and 2,640,000 Floating Shares) to Poppins if the second advance to be made under the Poppins Credit Agreement (the "**Poppins Second Advance**") is not then outstanding, which number of shares was reduced to up to 2,000,000 Fixed Shares in accordance with the Amended Arrangement, or up to 20,000,000 SVS (or 14,000,000 Fixed Shares and 6,000,000 Floating Shares) if the Poppins Second Advance is then outstanding, with all or a portion of the net proceeds of the offering payable to Poppins in satisfaction of the repayment amount owing to it. To the extent that the net proceeds of the sale of shares is not sufficient to repay all outstanding obligations owing to Poppins, and the Poppins Borrower does not make a cash payment in respect of any shortfall, certain subsidiaries of Acreage will be required to dispose of all or a portion of the Secured Assets (as defined below) in transactions to make up the difference between the then outstanding amount and the net proceeds received by Poppins and any cash shortfall payments made by the Poppins Borrower.

The "**Secured Assets**" include the equity interests in the Company's indirect subsidiaries that own dispensary licenses in Pennsylvania.

As a condition to the implementation of the Amended Arrangement, the Original Poppins Credit Agreement was amended in accordance with the Poppins Credit Agreement Amendment. The Poppins Credit Agreement Amendment provides that: (i) with respect to the Mr. Murphy Amount, effective as of the Amendment Effective Time, the Original Poppins Credit Agreement was amended to (a) remove any entitlement to "Interest Shares" (as defined in the Original Poppins Credit Agreement) in respect of this amount, (b) provide for an interest rate of 12% per annum payable in cash, and (c) amend Section 9.3 of the Original Poppins Credit Agreement to amend the obligation of the Poppins Borrower to cause the Company to sell up to 8,800,000 SVS to repay the amount outstanding such that the obligation was reduced to cause the issuance of up to 2,000,000 Fixed Shares, and (ii) with respect to US$1,000,000 of the principal amount advanced pursuant to the Original Poppins Credit Agreement, Poppins is entitled to (a) 16,799 Fixed Shares and 7,199 Floating Shares, (b) upon maturity of the Poppins Credit Agreement, a return of US$1,100,000 and (c) be otherwise treated in accordance with the terms of the Original Poppins Credit Agreement.

On October 20, 2020, the First Amended Poppins Credit Agreement was amended to provide for certain housekeeping changes in accordance with the Second Poppins Credit Agreement Amendment.

Mr. Murphy holds ownership interests in the Poppins Borrower. The participation of Kevin Murphy in the Poppins Credit Facility transaction constitutes a "related party transaction" within the meaning of MI 61 101. The Company has relied on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of Mr. Murphy's ownership interest in the Poppins Borrower as neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involved the related parties (being Mr. Murphy), exceeded 25% of the Company's market capitalization (as determined under MI 61-101).

Debenture

In connection with the implementation of the Amended Arrangement, the Hempco Lender agreed to provide the Hempco Loan to Hempco pursuant to the Debenture. The Initial Advance was advanced on the Amendment Date and the Hempco Second Advance will be advanced in the event that the following conditions, among others, are satisfied: (a) Hempco'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) Hempco'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 Hempco Loan will bear interest from the date of advance, compounded annually, and will 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 Hempco Loan will mature 10 years from the date of the Initial Advance.

The Hempco 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 Hempco's affiliates other than subsidiaries of Hempco 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 Hempco

Loan proceeds must be segregated in a distinct bank account and detailed records of debits to such distinct bank account will be maintained by Hempco.

No payment due and payable to the Hempco Lender by Hempco 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 includes 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; (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 Hempco by the Hempco Lender. The Debenture also includes customary representations and warranties, positive covenants and negative covenants of Hempco.

The foregoing summary of the Debenture does not purport to be complete and is qualified in its entirety by reference to the Debenture, which is available under the Company's SEDAR profile at www.sedar.com.

Institutional Loan Agreement

On September 28, 2020, the Institutional Borrower, a wholly owned subsidiary of the Company, entered into the Institutional Loan Agreement with the Institutional Investor for gross proceeds of US$33,000,000. The Institutional Loan is unsecured, matures in three years, and bears interest at a 7.5% annual interest rate. At any time after September 28, 2022, upon five business days' notice to the Institutional Investor, the Institutional Borrower may prepay all or any portion of the Institutional Loan together with all interest accrued thereon, without any premium, bonus, penalty or other charge. The Institutional Loan is guaranteed by High Street.

The foregoing summary of the Institutional Loan Agreement is qualified in its entirety by reference to the full text of the Institutional Loan Agreement, which is available under the Company's SEDAR profile at www.sedar.com.

THE ARRANGEMENT

About Canopy Growth

Canopy Growth was incorporated pursuant to the provisions of the *Canada Business Corporations Act* ("**CBCA**") on August 5, 2009 under the name "LW Capital Pool Inc." Canopy Growth changed its name to Tweed Marijuana Inc. on March 26, 2014 and later to "Canopy Growth Corporation" on September 17, 2015.

Canopy Growth is a leading cannabis company with operations in countries throughout the world. Canopy Growth produces, distributes and sells a diverse range of cannabis and hemp-based products for both recreational and medical purposes under a portfolio of distinct brands in Canada pursuant to the Cannabis Act, SC 2018, c 16 (the "Cannabis Act"), and globally pursuant to applicable international and Canadian legislation, regulations and permits. Canopy Growth's core operations are in Canada, the United States, Germany, and the UK, with developing opportunity markets in Australia, Denmark, Peru and Brazil.

Canopy Growth's head and registered office is located at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8. Additional information about Canopy Growth, including its annual report on Form 10-K for the year ended March 31, 2020 filed with the SEC on June 1, 2020 and the amendment thereto on Form 10-K/A filed with the SEC on July 29, 2020, is available under Canopy Growth's SEDAR profile at www.sedar.com and on EDGAR at www.sec.gov/edgar.

Background to the Original Arrangement

The provisions of the Original Arrangement were the result of arm's length negotiations conducted between representatives of the Board and the board of directors of Canopy Growth and their respective advisors. Following a period of intensive negotiations between the parties, and the receipt of legal and financial advice and fairness opinions (the "**Original Fairness Opinions**") from Canaccord and INFOR Financial Inc. ("**INFOR Financial**") in favour of the Board and a special committee of independent directors of the Company (the "**Original Special Committee**"), respectively, each of which provided that, based upon and subject to the assumptions made, limitations considered

and qualifications set forth in such opinion and such other factors as considered relevant, the consideration to be received under the Original Arrangement by the shareholders of the Company was fair, from a financial point of view, to the shareholders of the Company on April 17, 2019 (other than Canopy Growth and/or its affiliates). The Board, on the unanimous recommendation of the Original Special Committee, approved the Original Arrangement and the entering into of the Initial Arrangement Agreement.

The Original Arrangement

On April 18, 2019, the Company entered into the Initial Arrangement Agreement with Canopy Growth, which was subsequently amended by the Arrangement Agreement Amendment dated May 15, 2019. The Original Arrangement was carried out by way of a court-approved plan of arrangement (the "**Original Plan of Arrangement**") under the provisions of the BCBCA.

The Court issued an interim order on May 17, 2019 and a final order on June 21, 2019 approving the Original Arrangement. At a special meeting of the Company's shareholders held on June 19, 2019, the Company's shareholders approved the Original Arrangement. In addition, at a special meeting of Canopy Growth's shareholders held on June 19, 2019, Canopy Growth's shareholders approved various resolutions in connection with the Original Arrangement, including the issuance of the Canopy Growth Shares upon completion of the acquisition of all of the issued and outstanding shares of the Company in connection therewith. Upon implementation of the Original Arrangement on June 27, 2019, holders of SVS, PVS, MVS, and certain holders of securities convertible or exchangeable into shares of the Company received the Aggregate Option Premium. The Aggregate Option Premium was distributed to such holders of record on or about July 3, 2019.

Upon implementation of the Original Arrangement, the Articles of the Company were amended to provide Canopy Growth with the Original Call Option to acquire all of the issued and outstanding shares in the capital of the Company in exchange for the payment of Canopy Growth Shares based on the Original Exchange Ratio, subject to adjustment in accordance with the Original Arrangement Agreement.

Pursuant to the Original Arrangement, Canopy Growth was required to exercise the Original Call Option upon the occurrence of a Triggering Event and, subject to the satisfaction or waiver of certain closing conditions set out in the Original Arrangement Agreement, acquire all of the issued and outstanding SVS (following the mandatory conversion of the PVS and MVS into SVS). Alternatively, Canopy Growth was entitled to elect to exercise the Original Call Option at any time prior to the date that is 90 months following the Initial Effective Date.

As a condition to the implementation of the Original Arrangement, on the Initial Effective Date, Canopy Growth and Acreage, among others, entered into the Original License pursuant to which Canopy Growth licensed certain of its trademarks and other intellectual property to Acreage.

Additional details regarding the terms and conditions of the Original Arrangement can be found in the May 2019 Management Information Circular, which is available under the Company's SEDAR profile at www.sedar.com. The foregoing summary of the Original Arrangement does not purport to be complete and is qualified in its entirety by reference to the Original Arrangement Agreement and the Original Plan of Arrangement attached as a schedule thereto, which is also available under the Company's SEDAR profile at www.sedar.com.

Background to the Amended Arrangement

On June 24, 2020, the Company entered into the Proposal Agreement with Canopy Growth, which set out, among other things, the terms and conditions upon which the parties proposed to enter into the Amending Agreement to amend the Original Arrangement Agreement, amend and restate the Original Plan of Arrangement and implement the Amended Arrangement. In evaluating the Amended Arrangement and in making their respective recommendations, the special committee of directors of the Company (the "**Amendment Special Committee**") and the Board considered a number of factors including, among others, the preservation of shareholder value, the Aggregate Amendment Option Payment, the potential upside with respect to the Floating Shares, the Hempco Loan provided to Hempco pursuant to the Debenture as a condition to the Amended Arrangement, the potential for additional revenue streams under any management services agreement that any target entity acquired, or conditionally acquired, by Canopy Growth would be required to enter into with the Company pursuant to the Amending Agreement, and waivers and consents provided by Canopy Growth under the Original Arrangement Agreement in favour of the Company as a condition to entering

into the Proposal Agreement. Eight Capital delivered an opinion to the Amendment Special Committee, which stated that, as of the date thereof, and subject to the assumptions, qualifications and limitations set out therein, the consideration received by the holders of SVS, PVS and MVS pursuant to the Amended Arrangement was fair, from a financial point of view, to the such holders (the "**New Fairness Opinion**"). After consulting with the Company's management and receiving advice and assistance of its financial and legal advisors, and after careful consideration of a number of alternatives and factors, including, among others, receipt of the unanimous recommendation from the Amendment Special Committee, the New Fairness Opinion and the factors set out in the August 2020 Management Information Circular under the heading "*Reasons for the Amended Arrangement*", the members of the Board unanimously (with the exception of Mr. Murphy, who declared his interest in the transactions contemplated by the Proposal Agreement and the Amending Agreement and abstained from voting in respect thereof) determined that the Amended Arrangement and entry into the Proposal Agreement was in the best interests of the Company and fair to the Company's shareholders and approved and authorized the Company to enter into the Proposal Agreement and related agreements.

The Amended Arrangement

The Amended Arrangement was carried out by way of the court-approved Amended Plan of Arrangement under the provisions of the BCBCA. The Court issued an interim order on August 11, 2020 and a final order on September 18, 2020 approving the Amended Arrangement.

At a special meeting of the Company's shareholders held on September 16, 2020, the Company's shareholders approved the Amended Arrangement, the Amending Agreement, the Amended Plan of Arrangement, and the second amended and restated equity incentive plan (the "**Amended and Restated Omnibus Equity Incentive Plan**"), which amended and restated the 2019 Omnibus Plan.

Pursuant to the Amended Plan of Arrangement, Canopy Growth paid the Aggregate Amendment Option Payment of US$37,500,024, which was delivered to the Company's shareholders and certain holders of securities convertible or exchangeable into shares of the Company on or about September 25, 2020.

In connection with the implementation of the Amended Arrangement, the Company filed the records and information required to be provided under Section 292(a) of the BCBCA (the "**Amendment Arrangement Filings**") in order to give effect to the amendments to the Articles of the Company and the Capital Reorganization, which provided Canopy Growth with the Canopy Call Option and the Floating Call Option. Upon implementation of the Amended Arrangement on the Amendment Date, the Articles of the Company were amended to, among other things, create three new classes of shares in the capital of Acreage, being the Fixed Shares, the Floating Shares and the Fixed Multiple Shares and the Capital Reorganization was completed whereby, (i) each SVS was exchanged for 0.7 of a Fixed Share and 0.3 of a Floating Share, (ii) each PVS was exchanged for 28 Fixed Shares and 12 Floating Shares, and (iii) each MVS was exchanged for 0.7 of a Fixed Multiple Share and 0.3 of a Floating Share.

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 SVS that was outstanding immediately prior to the Amendment Time, was exchanged for a Fixed Share Replacement Security and a Floating Share Replacement Security in order to account for the Capital Reorganization.

Pursuant to the Amended Plan of Arrangement, on 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 the Fixed Exchange Ratio, subject to adjustment in accordance with the terms of the Amended Plan of Arrangement; and (ii) have the right (but not the obligation) to exercise the Floating Call Option for a period of 30 days following the Triggering Event Date, pursuant to which Canopy Growth may acquire all of the issued and outstanding Floating Shares for cash or for Canopy Growth Shares or a combination thereof, in Canopy Growth's sole discretion. If paid in cash, the price per Floating Share shall be equal to the volume-weighted average trading price of the Floating Shares on the CSE (or other recognized stock exchange on which the Floating Shares are primarily traded as determined by volume) for the 30 trading day period prior to the exercise (or deemed exercise) of the Canopy Call Option, subject to a minimum amount of US$6.41. If paid in Canopy Growth Shares, each Floating Share will be exchanged for a number of Canopy Growth Shares as determined in accordance with the Floating Ratio. The Floating Ratio is subject to adjustment in accordance with the terms of the Amended Plan of Arrangement. No fractional

Canopy Growth Shares will be issued pursuant to the Amended Plan of Arrangement. The Floating Call Option cannot be exercised unless the Canopy Call Option is exercised (or deemed to be exercised). 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. 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 Fixed 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, Acreage will be a wholly-owned subsidiary of Canopy Growth. If Canopy Growth completes the Acquisition of the Fixed Shares but does not acquire the Floating Shares, the Floating Call Option will terminate, and the Floating Shares shall remain outstanding.

In order to reflect the Capital Reorganization, following the implementation of the Amended Arrangement, all High Street Units and USCo2 shares are now exercisable, convertible or exchangeable on the basis of 0.7 of a Fixed Share and 0.3 of a Floating Share. All High Street Units and USCo2 shares that are not exchanged for Fixed Shares and Floating Shares prior to the Acquisition Time and that remain outstanding immediately prior to the Acquisition Time shall be treated in accordance with the provisions of the certificates, award agreements, indentures or other documents governing such securities as at the Amendment Time. If the Canopy Call Option and the Floating Call Option are exercised, following the Acquisition Time, all High Street Units and USCo2 shares will be exercisable, convertible or exchangeable for Canopy Growth Shares on the basis of the Fixed Exchange Ratio and the Floating Ratio.

If the Triggering Event does not occur or is not waived within 10 years from the effective date of the Arrangement Effective Date, the Canopy Call Option, the Floating Call Option and the Arrangement Agreement will terminate. Canopy Growth is required to exercise the Canopy Call Option on the Triggering Event Date. Following the exercise (or deemed exercise) of the Canopy Call Option, provided that the closing conditions to the Acquisition are satisfied or waived, the Acquisition will be completed within 90 days. The Acquisition is subject to, among other things, certain regulatory approvals and closing conditions.

The Amending Agreement also provides for, among other things, amendments to the definition of Purchaser Approved Share Threshold (as defined in the Arrangement Agreement) to change the number of shares of Acreage available to be issued by Acreage without an adjustment in the Fixed Exchange Ratio such that Acreage may issue a maximum of 32,700,000 shares (or convertible securities in proportion to the foregoing), which will include (i) 3,700,000 Floating Shares which are to be issued solely in connection with the exercise of stock options granted to Acreage management (the "**Option Shares**"); (ii) 8,700,000 Floating Shares other than the Option Shares; and (iii) 20,300,000 Fixed Shares. Notwithstanding the foregoing, the Amending Agreement provides that Acreage 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 provides for, among other things: (i) various Canopy Growth rights that extend beyond the Acquisition Date and continue until Canopy Growth ceases to hold at least 35% of the issued and outstanding Acreage shares (such date being the "**End Date**"), including, among others, rights to nominate a majority of the Board following the Acquisition Time, restrictions on Acreage'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 Acreage by Canopy Growth in the Arrangement Agreement in the event that Acreage 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 Acreage'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 Acreage 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 Acreage 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 Acreage relative to a business plan for Acreage for each fiscal year ended December 31, 2020 through December 31, 2029 set forth in the Proposal Agreement (the "**Initial Business Plan**").

The Amending Agreement precludes Acreage 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 Acreage 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 Acreage shares (or securities convertible into or exchangeable for 500,000 Acreage shares).

The Amending Agreement also provides for certain financial reporting obligations and that Acreage may not nominate or appoint any new director or appoint any new officer that does not meet certain specified criteria. The Amending Agreement also requires Acreage 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 Acreage 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 Acreage'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 Acreage 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 Acreage to limit its operations to the Identified States. In connection with the execution of the Proposal Agreement, Acreage was provided with consent from Canopy Growth to complete the Non-Core Divestitures.

In addition, the Amending Agreement includes certain covenants that will apply following the Acquisition Time until the earlier of the date on which the Floating Shares are acquired by Canopy Growth or the End Date. Such covenants

include, among others, pre-emptive rights and top-up rights in favor of Canopy Growth, restrictions on M&A activities, approval rights for Acreage's quarterly business plan, nomination rights for a majority of the directors on the Board and certain audit and inspection rights.

The Canopy Growth Shares currently trade on the Toronto Stock Exchange (the "**TSX**") under the symbol "WEED" and the NYSE under the symbol "CGC". As of the date of this Prospectus, Canopy Growth has received conditional approval of the TSX for the listing of the Canopy Growth Shares required to complete the Acquisition.

The foregoing summary of the Amended Arrangement and the Amending Agreement does not purport to be complete and is qualified in its entirety by reference to the Amending Agreement and the Amended Plan of Arrangement attached as a schedule thereto, which is available under the Company's SEDAR profile at www.sedar.com.

Tax Receivable Agreement

In connection with the RTO, Acreage Holdings America, Inc. ("**USCo**") entered into a tax receivables agreement (the "**Tax Receivable Agreement**") with, among others, Kevin Murphy, the Chair of the Board and former Chief Executive Officer and President of the Company, Glen Leibowitz, Chief Financial Officer of the Company, James Doherty, General Counsel of the Company and Robert Daino, Chief Operating Officer of the Company (the "**Tax Receivable Recipients**"), each of whom owns High Street Units. The Company (indirectly through its ownership in USCo) expects to obtain an increase in its share of the tax basis of the assets of High Street when a holder of High Street Units (an "**Acreage Unit Holder**") receives cash or Subordinate Voting Shares in connection with a redemption or exchange of such Acreage Unit Holder's High Street Units. The Tax Receivable Agreement generally provides for the payment by USCo to such Acreage Unit Holders of 65% of the amount of net tax benefits, if any, realized (or deemed realized) by USCo attributable to such member under the terms of the Tax Receivable Agreement and applicable law following the acquisition of such Acreage Unit Holder's High Street Units. An additional 20% of such net tax benefits are available for payment to the Tax Receivable Recipients under a tax receivable bonus plan. Kevin Murphy waived his rights to 30.77% of the aggregate tax benefit payments to which he may otherwise be entitled to receive under the Tax Receivable Agreement for the benefit of a second tax receivable bonus plan. Participants of the second tax receivable bonus plan include, among others, Mr. Leibowitz, Mr. Doherty and Mr. Daino. The amount available under the second tax receivable bonus plan will be equal to Tax Receivable Agreement payments waived by Kevin Murphy. Kevin Murphy, as the administrator of each of the tax receivable bonus plans, has the right to determine the amount each participant receives under the plans.

In connection with the Arrangement Agreement, the Tax Receivable Agreement and the tax receivable bonus plans, as applicable, were amended to provide for, among other things, consent rights to Canopy Growth over payments made under the Tax Receivable Agreement and modifications to the timing and amounts of payments under the Tax Receivable Agreement and the tax receivable bonus plans, including upon the acquisition of all of the High Street Units by Canopy Growth, an acceleration and one-time final payment, subject to certain conditions, to the Tax Receivable Recipients and participants in the tax receivable bonus plan in the aggregate amount of no more than US$121 million (the "**Lump Sum Payment**"). The Lump Sum Payment will be reduced by any payments previously made under the Tax Receivable Agreement and the tax receivable bonus plans.

Commencing on the third anniversary of the Acquisition, if the Floating Call Option has been exercised, Canopy Growth will have the right to acquire all of the High Street Units and USCo2 Shares not owned by Acreage. In the event that the Floating Call Option is not exercised, Canopy Growth will have the right to acquire all of the High Street Units convertible into Fixed Shares, and the Company or USCo, as applicable, would acquire the High Street Units convertible into Floating Shares.

As a condition to the implementation of the Amended Arrangement, the Company and Canopy Growth have agreed to amend the tax receivable bonus plans to provide, among other things, that Kevin Murphy will continue indefinitely (and regardless of whether Kevin Murphy ceases to be a director of the Company) as the administrator of the tax receivable bonus plans.

Acceleration Agreements

On June 24, 2020, the Company entered into agreements with each of Mr. Leibowitz, Mr. Daino, Mr. Doherty, John Boehner, Douglas Maine, Brian Mulroney and William C. Van Faasen providing that, if the special resolution (the

“**Amendment Resolution**”) approving the Amended Arrangement, the Amending Agreement, the Amended Plan of Arrangement and the Amended and Restated Omnibus Equity Incentive Plan was passed and the Amended and Restated Omnibus Equity Incentive Plan adopted, and in the event that either: (i) the Company terminates the employment of Mr. Daino, Mr. Leibowitz, or Mr. Doherty at any time; or (ii) any of the foregoing or Mr. Boehner, Mr. Mulroney, Mr. Maine or Mr. Van Faasen resigns from any and all positions with the Company on or after the one year anniversary of the Amendment Date (in either case, an “**Acceleration Event**”), the Company will accelerate the vesting of all restricted share units granted to such individual that are outstanding as at the date on which the Acceleration Event occurs.

Poppins Credit Agreement Amendment

As a condition to the implementation of the Amended Arrangement, the Original Poppins Credit Agreement was amended in accordance with the Poppins Credit Agreement Amendment. The Poppins Credit Agreement Amendment provides that: (i) with respect to the Mr. Murphy Amount, being US$21,000,000 of the principal amount advanced pursuant to the Poppins Credit Agreement, effective as of the Amendment Effective Time, the Original Poppins Credit Agreement was amended to (a) remove any entitlement to “Interest Shares” (as defined in the Original Poppins Credit Agreement) in respect of this amount, (b) provide for an interest rate of 12% per annum payable in cash, and (c) amend Section 9.3 of the Original Poppins Credit Agreement to amend the obligation of the Poppins Borrower to cause Acreage to sell up to 8,800,000 SVS to repay the amount outstanding such that the obligation was reduced to cause the issuance of up to 2,000,000 Fixed Shares, and (ii) with respect to US$1,000,000 of the principal amount advanced pursuant to the Original Poppins Credit Agreement, Poppins shall be entitled to (a) 16,799 Fixed Shares and 7,199 Floating Shares, (b) upon maturity of the Poppins Credit Agreement, a return of US$1,100,000 and (c) be otherwise treated in accordance with the terms of the Original Poppins 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 Poppins under the Original Poppins Credit Agreement, which funds were subsequently loaned to the Poppins Borrower under the Original Poppins Credit Agreement. While Mr. Murphy’s entitlements arising indirectly pursuant to the Original Poppins Credit Agreement were 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 Amended Plan of Arrangement increased the likelihood that the amount outstanding under the Poppins Credit Agreement would be repaid. It was determined that this constituted a benefit for Mr. Murphy, the former Chief Executive Officer, and current Chair of the Board.

Housekeeping Amendments

In connection with the Amended Arrangement and the transactions contemplated thereby, amendments were made to certain documents in connection with, and as a condition to, the implementation of the Amended Arrangement, which: (i) provide that 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 plans; and (ii) enable Mr. Murphy’s existing 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 the Company, provided that Mr. Murphy remains a director of the Company. The value of any of the benefits received by Mr. Murphy was considered by the Amendment Special Committee.

Collateral Benefits

Given that each of Mr. Leibowitz, Mr. Daino, Mr. Doherty, Mr. C. Van Faasen, Mr. Maine, Mr. Boehner and Mr. Mulroney beneficially owned or exercised control or direction over less than 1% of each class of SVS, PVS and MVS, the Amendment Special Committee determined that the payments, entitlements or benefits to which such individuals are or may be entitled as a result of the Acceleration Agreements did not constitute a “collateral benefit” for purposes of MI 61-101 and therefore their SVS, PVS and MVS did not need to be excluded from the minority approval of the Amendment Resolution pursuant to MI 61-101.

The payments, entitlements or benefits to which Mr. Murphy was or may be entitled to receive pursuant to the Amended Arrangement are classified as “collateral benefits” for purposes of MI 61-101. Since Mr. Murphy is a “related party” of the Company and received a collateral benefit, the Amended Arrangement constituted a “business combination” for purposes of MI 61-101. Mr. Murphy is also classified as an “interested party” and therefore, the

SVS, PVS and MVS that were held by Mr. Murphy or under the control or direction of Mr. Murphy (including those entities which are "related parties" of Mr. Murphy and "joint actors" of Mr. Murphy, being Murphy Capital, LLC and The Kevin Murphy 2018 Annuity Trust (together with Mr. Murphy, the "**Interested Parties**")) were not counted for purposes of the tabulation of the "minority approval" of the Amendment Resolution in accordance with MI 61-101.

Details in respect of all "interested parties" are provided in the August 2020 Management Information Circular, which is available under the Company's SEDAR profile at www.sedar.com.

CONSOLIDATED CAPITALIZATION

From June 30, 2020, the date of the Company's most recently filed consolidated interim financial statements, to the date of this Prospectus, there have been no material changes to the Company's share capitalization on a consolidated basis other than: (a) the issuance of an aggregate of (i) 1,493,331 SVS (1,045,331 Fixed Shares and 447,999 Floating Shares post-Amended Arrangement) in respect of employee compensation, (ii) 198,019 SVS (138,613 Fixed Shares and 59,405 Floating Shares post-Amended Arrangement) on conversion of 198,019 High Street Units, and (iii) 539,380 SVS (377,566 Fixed Shares and 161,814 Floating Shares post-Amended Arrangement) previously reserved for issuance; and (b) in connection with the Capital Reorganization, pursuant to which, on September 23, 2020 (i) each outstanding SVS was exchanged for 0.7 of a Fixed Share and 0.3 of a Floating Share; (ii) each PVS was exchanged for 28 Fixed Shares and 12 Floating Shares; and (iii) each MVS was exchanged for 0.7 of a Fixed Multiple Share and 0.3 of a Floating Share, resulting in 70,994,208 Fixed Shares, 30,476,355 Floating Shares and 117,600 Fixed Multiple Shares issued and outstanding upon completion thereof.

The applicable Prospectus Supplement will describe any material change, and the effect of such material change, on the share and loan capitalization of the Company that will result from the issuance of Securities pursuant to such Prospectus Supplement.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The following is a brief summary of certain general terms and provisions of the Securities as at the date of this Prospectus. The summary does not purport to be complete and is indicative only. The specific terms of any Securities to be offered under this Prospectus, and the extent to which the general terms described in this Prospectus apply to such Securities, will be set forth in the applicable Prospectus Supplement.

Fixed Shares

For a brief summary of the material attributes of the Fixed Shares, see "*Description of the Share Capital of the Company - Fixed Shares*". Fixed Shares may be sold separately or together with separately or together with other Securities, as the case may be.

Any Fixed Shares issued pursuant to a Prospectus Supplement will be subject in all respects to the Canopy Call Option to acquire such Fixed Shares.

Floating Shares

For a brief summary of the material attributes of the Floating Shares, see "*Description of the Share Capital of the Company - Floating Shares*". Floating Shares may be sold separately or together with separately or together with other Securities, as the case may be.

Any Floating Shares issued pursuant to a Prospectus Supplement will be subject in all respects to the Floating Call Option to acquire such Floating Shares.

Debt Securities

As of the date of this Prospectus, the Company has no Debt Securities outstanding. The Company may issue Debt Securities, separately or together, with Fixed Shares, Floating Shares, Warrants, Subscription Receipts or Units or any combination thereof, as the case may be. The Debt Securities will be issued in one or more series under an indenture (the "**Indenture**") to be entered into between the Company and one or more trustees (the "**Trustee**") that will be

named in a Prospectus Supplement for a series of Debt Securities. To the extent applicable, the Indenture will be subject to and governed by the United States Trust Indenture Act of 1939, as amended. A copy of the form of the Indenture to be entered into has been or will be filed with the securities commissions or similar authorities in Canada when it is entered into. The description of certain provisions of the Indenture in this section do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture. Terms used in this summary that are not otherwise defined herein have the meaning ascribed to them in the Indenture. The particular terms relating to Debt Securities offered by a Prospectus Supplement will be described in the related Prospectus Supplement. This description may include, but may not be limited to, any of the following, if applicable:

- the specific designation of the Debt Securities; any limit on the aggregate principal amount of the Debt Securities; the date or dates, if any, on which the Debt Securities will mature and the portion (if less than all of the principal amount) of the Debt Securities to be payable upon declaration of acceleration of maturity;
- the rate or rates (whether fixed or variable) at which the Debt Securities will bear interest, if any, the date or dates from which any such interest will accrue and on which any such interest will be payable and the record dates for any interest payable on the Debt Securities that are in registered form;
- the terms and conditions under which we may be obligated to redeem, repay or purchase the Debt Securities pursuant to any sinking fund or analogous provisions or otherwise;
- the terms and conditions upon which we may redeem the Debt Securities, in whole or in part, at our option;
- the covenants applicable to the Debt Securities;
- the terms and conditions for any conversion or exchange of the Debt Securities for any other securities;
- the extent and manner, if any, to which payment on or in respect of the Securities of the series will be senior or will be subordinated to the prior payment of other liabilities and obligations of the Company;
- whether the Securities will be secured or unsecured;
- whether the Debt Securities will be issuable in registered form or bearer form or both, and, if issuable in bearer form, the restrictions as to the offer, sale and delivery of the Debt Securities which are in bearer form and as to exchanges between registered form and bearer form;
- whether the Debt Securities will be issuable in the form of registered global securities ("**Global Securities**"), and, if so, the identity of the depositary for such registered Global Securities;
- the denominations in which registered Debt Securities will be issuable, if other than denominations of US$1,000 integral multiples of US$1,000 and the denominations in which bearer Debt Securities will be issuable, if other than US$5,000;
- each office or agency where payments on the Debt Securities will be made and each office or agency where the Debt Securities may be presented for registration of transfer or exchange;
- if other than United States dollars, the currency in which the Debt Securities are denominated or the currency in which we will make payments on the Debt Securities;
- material Canadian federal income tax consequences and United States federal income tax consequences of owning the Debt Securities;
- any index, formula or other method used to determine the amount of payments of principal of (and premium, if any) or interest, if any, on the Debt Securities; and
- any other terms, conditions, rights or preferences of the Debt Securities which apply solely to the Debt Securities.

If the Company denominates the purchase price of any of the Debt Securities in a currency or currencies other than United States dollars or a non-United States dollar unit or units, or if the principal of and any premium and interest on any Debt Securities is payable in a currency or currencies other than United States dollars or a non-United States dollar unit or units, the Company will provide investors with information on the restrictions, elections, general tax considerations, specific terms and other information with respect to that issue of Debt Securities and such non-United States dollar currency or currencies or non-United States dollar unit or units in the applicable Prospectus Supplement.

Each series of Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The terms on which a series of Debt Securities may be convertible into or exchangeable for Fixed Shares, Floating Shares or other securities of the Company will be described in the applicable Prospectus Supplement. These terms may include provisions as to whether conversion or exchange is mandatory, at the option of the holder or at the option of the Company, and may include provisions pursuant to which the number of Fixed Shares, Floating Shares or other

securities to be received by the holders of such series of Debt Securities would be subject to adjustment.

To the extent any Debt Securities are convertible into Fixed Shares, Floating Shares or other securities of the Company, prior to such conversion the holders of such Debt Securities will not have any of the rights of holders of the securities into which the Debt Securities are convertible, including the right to receive payments of dividends or the right to vote such underlying securities.

Warrants

The following is a brief summary of certain general terms and provisions of the Warrants that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Warrants as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Warrants, and the extent to which the general terms and provisions described below may apply to such Warrants will be described in the applicable Prospectus Supplement.

Warrants may be offered separately or together with other Securities, as the case may be. Each series of Warrants may be issued under a separate warrant indenture or warrant agency agreement to be entered into between the Company and one or more banks or trust companies acting as Warrant agent or may be issued as stand-alone contracts. The applicable Prospectus Supplement will include details of the Warrant agreements, if any, governing the Warrants being offered. The Warrant agent, if any, will be expected to act solely as the agent of the Company and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants. A copy of any warrant indenture or any warrant agency agreement relating to an offering of Warrants will be filed by the Company with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Warrants being offered thereby, which may include, without limitation, the following (where applicable):

- the designation of the Warrants;
- the aggregate number of Warrants offered and the offering price;
- the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- the exercise price of the Warrants;
- the dates or periods during which the Warrants are exercisable including any "early termination" provisions;
- the designation, number and terms of any Securities with which the Warrants are issued;
- if the Warrants are issued as a unit with another Security, the date on and after which the Warrants and the other Security will be separately transferable;
- whether such Warrants are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- whether such Warrants will be listed on any securities exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- certain material Canadian tax consequences of owning the Warrants; and
- any other material terms and conditions of the Warrants.

Subscription Receipts

The following is a brief summary of certain general terms and provisions of the Subscription Receipts that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Subscription Receipts as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Subscription Receipts, and the extent to which the general terms and provisions described below may apply to such Subscription Receipts will be described in the applicable Prospectus Supplement. Subscription Receipts may be offered separately or together with other Securities, as the case may be.

The Subscription Receipts may be issued under a subscription receipt agreement. The applicable Prospectus Supplement will include details of the subscription receipt agreement, if any, governing the Subscription Receipts being offered. The Company will file a copy of the subscription receipt agreement, if any, relating to an offering of

Subscription Receipts with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Subscription Receipts being offered thereby, which may include, without limitation, the following (where applicable):

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered;
- the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities;
- the dates or periods during which the Subscription Receipts are convertible into other Securities;
- the designation, number and terms of the other Securities that may be exchanged upon conversion of each Subscription Receipt;
- the designation, number and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- whether such Subscription Receipts are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- terms applicable to the gross or net proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- certain material Canadian tax consequences of owning the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

Units

The following is a brief summary of certain general terms and provisions of the Units that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Units as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Units, and the extent to which the general terms and provisions described below may apply to such Units will be described in the applicable Prospectus Supplement. Units may be offered separately or together with other Securities, as the case may be.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Units being offered thereby, which may include, without limitation, the following (where applicable):

- the number of Units;
- the price at which the Units will be offered;
- the designation, number and terms of the Securities comprising the Units;
- whether the Units will be issued with any other Securities and, if so, the amount and terms of these Securities;
- terms applicable to the gross or net proceeds from the sale of the Units plus any interest earned thereon;
- the date on and after which the Securities comprising the Units will be separately transferable;
- whether the Securities comprising the Units will be listed on any securities exchange;
- whether such Units or the Securities comprising the Units are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Units;
- certain material Canadian tax consequences of owning the Units; and
- any other material terms and conditions of the Units.

PLAN OF DISTRIBUTION

The Company may offer and sell Securities directly to one or more purchasers, through agents, or through underwriters or dealers designated by the Company from time to time. The Company may distribute the Securities from time to time in one or more transactions at fixed prices (which may be changed from time to time), at market prices prevailing at the times of sale, at varying prices determined at the time of sale, at prices related to prevailing market prices or at negotiated prices, including sales in transactions that are deemed to be "at-the-market distributions". A description of such pricing will be disclosed in the applicable Prospectus Supplement. The Company may offer Securities in the

same offering, or may offer Securities in separate offerings, including sales in transactions that are deemed to be "at-the-market distributions" as defined in NI 44-102, including sales made directly on a national securities exchange in the United States, as applicable.

This Prospectus may also, from time to time, relate to the offering of Securities by any selling securityholders. The selling securityholders may sell all or a portion of the Securities beneficially owned by them and offered thereby from time to time directly or through one or more underwriters, broker-dealers or agents. The Securities may be sold by the selling securityholders in one or more transactions at fixed prices (which may be changed from time to time), at market prices prevailing at the time of the sale, at varying prices determined at the time of sale, at prices related to prevailing market prices or at negotiated prices.

A Prospectus Supplement will describe the terms of each specific offering of Securities, including: (i) the terms of the Securities to which the Prospectus Supplement relates, including the type of Security being offered; (ii) the name or names of any agents, underwriters or dealers involved in such offering of Securities; (iii) the name or names of any selling securityholders; (iv) the purchase price of the Securities offered thereby and the proceeds to, and the portion of expenses borne by, the Company from the sale of such Securities; (v) any agents' commission, underwriting discounts and other items constituting compensation payable to agents, underwriters or dealers; and (vi) any discounts or concessions allowed or re-allowed or paid to agents, underwriters or dealers.

If underwriters are used in an offering, the Securities offered thereby will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase Securities will be subject to the conditions precedent agreed upon by the parties and the underwriters will be obligated to purchase all Securities under that offering if any are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to agents, underwriters or dealers may be changed from time to time.

The Securities may also be sold: (i) directly by the Company or the selling securityholders at such prices and upon such terms as agreed to; or (ii) through agents designated by the Company or the selling securityholders from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company and/or selling securityholder to such agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise indicated in the applicable Prospectus Supplement, any agent is acting on a "best efforts" basis for the period of its appointment.

The Company and/or selling securityholder may agree to pay the underwriters a commission for various services relating to the issue and sale of any Securities offered under any Prospectus Supplement. Agents, underwriters or dealers who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Company and/or the selling securityholders to indemnification by the Company and/or the selling securityholders against certain liabilities, including liabilities under Canadian and U.S. securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

Each class or series of Subscription Receipts, Debt Securities, Warrants and Units will be a new issue of Securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Warrants, Subscription Receipts or Units will not be listed on any securities or stock exchange. Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Debt Securities, Warrants, Subscription Receipts or Units may be sold and purchasers may not be able to sell the Debt Securities, Warrants, Subscription Receipts or Units purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Debt Securities, Warrants, Subscription Receipts or Units in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. Subject to applicable laws, certain dealers may make a market in the Debt Securities, Warrants, Subscription Receipts or Units, as applicable, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in the Debt Securities, Warrants, Subscription Receipts or Units or as to the liquidity of the trading market, if any, for the Debt Securities, Warrants, Subscription Receipts or Units.

No underwriter or dealer involved in an "at-the-market distribution" as defined in NI 44-102, no affiliate of such underwriter or dealer and no person acting jointly or in concert with such underwriter or dealer will over-allot

Securities in connection with an offering of Securities or effect any other transactions that are intended to stabilize the market price of Securities.

In connection with any offering of Securities, other than an "at-the-market distribution", unless otherwise specified in a Prospectus Supplement, underwriters or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of Securities offered at levels other than those which might otherwise prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time.

PRIOR SALES

Information in respect of prior sales of the Fixed Shares, Floating Shares or other Securities distributed under this Prospectus and for securities that are convertible or exchangeable into Fixed Shares, Floating Shares or such other Securities within the previous 12-month period will be provided, as required, in a Prospectus Supplement with respect to the issuance of the Fixed Shares, Floating Shares or other Securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME

Each of the Fixed Shares and the Floating Shares are currently listed on the CSE under the trading symbols "ACRG.A.U" and "ACRG.B.U", respectively, on the OTCQX under the symbols "ACRHF" and "ACRDF", respectively and on the FRA under the symbols "0VZ1" and "0VZ2", respectively. The trading prices and volumes of the Fixed Shares and the Floating Shares will be provided, as required, in each Prospectus Supplement.

DIVIDENDS

Acreage has never paid any dividends on its Fixed Shares or Floating Shares. The Arrangement Agreement includes a general covenant by the Company in favour of Canopy Growth that, from the date that the Company announced the entering into of the Original Arrangement Agreement (the "**Announcement Date**") until the earlier of the closing of the Acquisition (the "**Acquisition Effective Date**") and the time that the Arrangement Agreement is terminated in accordance with its terms (the "**Acquisition Interim Period**"), it will not, and will not permit any of its Subsidiaries to declare, set aside or pay any dividend or other distribution of any kind or nature in respect of any securities, other than as set out in the Arrangement Agreement. In addition, the terms of the Debenture prohibits, among other things, the Company and its Subsidiaries from paying any dividend, distribution or return of capital with respect to their equity securities. While Acreage is not otherwise restricted from paying dividends unless it is unable to pay its debts as they become due in the ordinary course under the BCBCA, Acreage does not intend to pay dividends on any of its Fixed Shares or Floating Shares in the foreseeable future.

Notwithstanding the foregoing, certain members of High Street are entitled to payments of certain tax benefits pursuant to the Tax Receivable Agreement and the tax receivable bonus plans. See "*The Arrangement - Tax Receivable Agreement*".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Owning any of the Securities may subject holders to tax consequences. The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to an investor of acquiring, owning and disposing of any of the Securities offered thereunder. Prospective investors should consult their own tax advisors prior to deciding to purchase any of the Securities.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Owning any of the Securities may subject holders to tax consequences. The applicable Prospectus Supplement may describe certain U.S. federal income tax consequences of the acquisition, ownership and disposition of any of the Securities offered thereunder by an initial investor who is a U.S. person (within the meaning of the U.S. Internal Revenue Code of 1986, as amended), including, to the extent applicable, any such consequences relating to the Securities payable in a currency other than the U.S. dollar, issued at an original issue discount for U.S. federal income tax purposes or containing early redemption provisions or other special items. Prospective investors should consult their own tax advisors prior to deciding to purchase any of the Securities.

RISK FACTORS

Before deciding to invest in any Securities, prospective investors in the Securities should consider carefully the risk factors and the other information contained and incorporated by reference in this Prospectus and the applicable Prospectus Supplement relating to a specific offering of Securities before purchasing the Securities, including, without limitation, those risks identified and discussed under the heading "*Risk Factors*" in the Annual Report and under the heading "*Risk Factors*" in the August 2020 Management Information Circular, both of which are incorporated by reference herein. See "*Documents Incorporated by Reference*".

Before making an investment decision, prospective purchasers of Securities should carefully consider the information described in this Prospectus and the documents incorporated by reference herein, including the applicable Prospectus Supplement. Additional risk factors relating to a specific offering of Securities may be described in the applicable Prospectus Supplement. Some of the risk factors described herein and in the documents incorporated by reference herein, including the applicable Prospectus Supplement are interrelated and, consequently, investors should treat such risk factors as a whole. If any event arising from these risks occurs, the Company's business, prospects, financial condition, results of operations and cash flows, and the investor's investment in the Securities could be materially adversely affected. Additional risks and uncertainties of which the Company is currently unaware or that are unknown or that the Company currently deems to be immaterial could have a material adverse effect on the business, financial condition and results of operation of the Company. The Company cannot assure an investor that it will successfully address any or all of these risks.

Prospective investors should carefully consider the risks below and in the Annual Report, the August 2020 Management Information Circular, and the other information elsewhere in this Prospectus, the applicable Prospectus Supplement, and other documents incorporated by reference herein and therein, and consult with their professional advisors to assess any investment in the Securities. The occurrence of any of these risks could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects. These risks are not the only risks the Company faces; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition and results of operations. Investors should also refer to the other information set forth or incorporated by reference in this Prospectus. This Prospectus also contains forward-looking information that involve risks and uncertainties. Our actual results could differ materially from those anticipated in forward-looking information as a result of a number of factors. See also the section titled "*Cautionary Note Regarding Forward-Looking Information*".

Risks Related to the Securities

Return on Securities is not Guaranteed

There is no guarantee that the Securities will earn any positive return in the short term or long term. A holding of Securities is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Securities is appropriate only for holders who have the capacity to absorb a loss of some or all of their investment.

Discretion in the Use of Proceeds

Management of the Company will have broad discretion with respect to the application of net proceeds received by the Company from the sale of Securities under this Prospectus or a future Prospectus Supplement and may spend such proceeds in ways that do not improve the Company's results of operations or enhance the value of the Fixed Shares, Floating Shares or its other securities issued and outstanding from time to time. As a result, an investor will be relying on the judgment of management for the application of the proceeds. Any failure by management to apply these funds effectively could result in financial losses that could have a material adverse effect on the Company's business or cause the price of the securities of the Company issued and outstanding from time to time to decline. Management will have discretion concerning the use of the proceeds received by the Company from the sale of Securities under this Prospectus or a future Prospectus Supplement as well as the timing of their expenditure. The Company will not receive any proceeds from any sale of any Securities by the selling securityholders.

Dilution

The Company may sell additional Fixed Shares, Floating Shares or other Securities that are convertible or exchangeable into Fixed Shares and/or Floating Shares in subsequent offerings or may issue additional Fixed Shares, Floating Shares or other Securities to finance future acquisitions. The Company cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances will have on the market price of the Fixed Shares or Floating Shares. Sales or issuances of substantial numbers of Fixed Shares, Floating Shares or other Securities that are convertible or exchangeable into Fixed Shares and/or Floating Shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the Fixed Shares and/or Floating Shares. With any additional sale or issuance of Fixed Shares, Floating Shares or other Securities that are convertible or exchangeable into Fixed Shares and/or Floating Shares, investors will suffer dilution to their voting power and economic interest in the Company. Furthermore, to the extent holders of the Company's stock options or other convertible securities convert or exercise their securities and sell the Fixed Shares or the Floating Shares they receive, the trading price of the Fixed Shares or the Floating Shares, as applicable, on the CSE may decrease due to the additional amount of Fixed Shares or the Floating Shares, as applicable, available in the market.

Volatile Market Price of the Subordinate Voting Shares

The market price of the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Subordinate Voting Shares to sell their securities at an advantageous price. Market price fluctuations in the Subordinate Voting Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares.

Financial markets historically at times have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Subordinate Voting Shares may be materially adversely affected.

Trading Price of the Fixed Shares

There is no guarantee that the Fixed Shares will trade at a price that reflects the performance of the Company or at a price relative to the trading price of the Canopy Growth Shares based upon the Fixed Exchange Ratio. Given the uncertainties regarding the completion of the Acquisition, it is possible the Fixed Shares will trade at a significant discount to the Fixed Exchange Ratio.

Floating Shares will not Trade at an Intrinsic Value

The intrinsic value of the Floating Shares is indeterminate. There is no guarantee that the Floating Shares will trade at a price that reflects the performance of the Company nor at the minimum price required to be paid by Canopy Growth pursuant to the Floating Call Option. Moreover, the Floating Shares will not trade at a price that is necessarily proportionate to the trading price of the Fixed Shares.

There May not be an Active Trading Market for the Floating Shares

In the event that Canopy Growth acquires all of the Fixed Shares and does not exercise the Floating Call Option, notwithstanding that it is anticipated that the Floating Shares will continue to be listed for trading at the CSE following the Acquisition, such listing may not provide significant liquidity, and the Floating Shares may not trade at prices advantageous to holders of the Floating Shares. An active or liquid trading market in the Floating Shares may not continue, particularly following the completion of the Acquisition. It is possible that low demand for the Floating

Shares may make it difficult, or impossible, for a holder of Floating Shares to sell the Floating Shares. Therefore, the sale of Floating Shares may take more time or require a holder to accept a lower price. In addition, the market price of the Floating Shares may be subject to fluctuation, whether or not due to fluctuations in the Company's operating results and financial condition, which could, in turn, result in substantial losses being incurred by holders of Floating Shares.

Settlement by Securityholders Resident in the United States

Given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the United States cannabis industry which may prohibit or significantly impair the ability of securityholders in the United States to trade the Securities or any Subordinate Voting Shares issuable upon conversion or exercise thereof. In the event residents of the United States are unable to settle trades of the Securities or any Subordinate Voting Shares issuable upon conversion or exercise thereof, this may affect the pricing of the Securities (and the Subordinate Voting Shares) in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

Liquidity

Shareholders of the Company may be unable to sell significant quantities of Fixed Shares and/or Floating Shares into the public trading markets without a significant reduction in the price of their Fixed Shares or Floating Shares, as applicable, or at all. There can be no assurance that there will be sufficient liquidity of the Fixed Shares and/or Floating Shares on the trading market, and that the Company will continue to meet the listing requirements of the CSE or achieve listing on any other public listing exchange.

There is currently no market through which the Securities, other than the Fixed Shares and the Floating Shares, may be sold and, unless otherwise specified in the applicable Prospectus Supplement, none of the Debt Securities, Warrants, Subscription Receipts or Units will be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, purchasers may not be able to resell the Debt Securities, Warrants, Subscription Receipts or Units purchased under this Prospectus and the applicable Prospectus Supplement. This may affect the pricing of the Securities, other than the Subordinate Voting Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Securities, other than the Subordinate Voting Shares, will develop or, if developed, that any such market, including for the Subordinate Voting Shares, will be sustained.

Future offerings of Debt Securities, which would rank senior to Subordinate Voting Shares, may adversely affect the market price of Subordinate Voting Shares

If, in the future, the Company decides to issue Debt Securities that may rank senior to the Subordinate Voting Shares, it is likely that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Any convertible or exchangeable securities that the Company issues in the future may have rights, preferences and privileges more favorable than those of the Subordinate Voting Shares and may result in dilution to owners of the Subordinate Voting Shares. The Company and, indirectly, its shareholders, will bear the cost of issuing and servicing such securities. Because the Company's decision to issue Debt Securities in any future offering will depend on market conditions and other factors beyond its control, the Company cannot predict or estimate the amount, timing or nature of its future offerings. Thus, holders of Subordinate Voting Shares will bear the risk of our future offerings reducing the market price of the Subordinate Voting Shares and diluting the value of their shareholdings in the Company.

The Company's Credit Agreements Contain Restrictive Covenants

Each of the Institutional Credit Agreement, the Poppins Credit Agreement and the Debenture contain restrictive covenants that limit the discretion of management with respect to certain limited matters. These covenants place restrictions on, among other things, the operation of the business of the Institutional Borrower, the Poppins Borrower and Hempco, restrictions related to the IP Security and covenants designed to protect the value of the Secured Assets for Poppins. In addition, the Institutional Credit Agreement contains a financial covenant that requires the Poppins Borrower to maintain a minimum balance in the Restricted Account. A failure to comply with these terms could result

in an event of default which, if not cured or waived, could result in accelerated repayment and may have a material and adverse consequence on the business, operations or financial condition of the Company, on a consolidated basis.

The Arrangement Agreement Contains Restrictive Covenants

The Arrangement Agreement contains restrictive covenants that may potentially impair the discretion of the Company's management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company to make 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. A failure to comply with these terms, if not cured or waived, could result in a breach of the Arrangement Agreement.

Under the Arrangement Agreement, the Company is required to comply with the Initial Business Plan

Pursuant to the Arrangement Agreement, the Company is required to comply with the Initial Business Plan. The Initial Business Plan sets forth certain Pro-Forma Net Revenue Targets (as defined in the Arrangement Agreement) and Consolidated Adj. EBITDA Targets (as defined in the Arrangement Agreement) for each applicable fiscal year of the Initial Business Plan.

If, at the end of a fiscal quarter (commencing with the fiscal quarter dated December 31, 2020), the Company's Pro-Forma Revenue (as defined in the Arrangement Agreement) is less than 90% of the Pro-Forma Net Revenue Target set forth in the Initial Business Plan or if the Consolidated EBITDA (as defined in the Arrangement Agreement) is less than 90% of the Consolidated Adj. EBITDA Target set forth in the Initial Business Plan, an Interim Failure to Perform (as defined in the Arrangement Agreement) will be deemed to have occurred and the Austerity Measures (as defined in the Arrangement Agreement) shall become applicable. The Austerity Measures place significant restrictions on the Company's ability to take certain actions in the operation of its business. Among other things, the Austerity Measures prevent the Company from issuing any Fixed Shares, Fixed Multiple Shares or Floating Shares, granting any New Options (as defined in the Arrangement Agreement) or Floating Options (as defined in the Arrangement Agreement), entering into any contract in respect of Company Debt (other than in the ordinary course of business), or paying any fees owing to members of the Board. The Austerity Measures also prevent the Company and its Subsidiaries from entering into any business combination, merger or acquisition of assets (other than in the ordinary course of business), from making any new capital investments or incurring any new capital expenditures, and from entering into any contract to dispose of any assets (other than in the ordinary course of business). The Austerity Measures will apply until the non-compliance causing the Interim Failure to Perform is cured by the Company and its Subsidiaries, as applicable. However, if an Interim Failure to Perform occurs and the Austerity Measures are implemented, the ability of the Company to conduct its business in the ordinary course will be significantly restricted. Accordingly, the occurrence of an Interim Failure to Perform will increase the possibility that a Material Failure to Perform (as defined in the Arrangement Agreement) and/or a Failure to Perform (as defined in the Arrangement Agreement) will occur.

A Material Failure to Perform will be deemed to occur if the Company's Pro-Forma Revenue is less than 80% of the Pro-Forma Net Revenue Target or the Consolidated EBITDA is less than 80% of the Consolidated Adj. EBITDA Target, as determined on an annual basis (commencing in respect of the fiscal year ending December 31, 2021). The occurrence of a Material Failure to Perform is considered a breach of a material term of the Arrangement Agreement incapable of being cured. Consequently, certain restrictive covenants under the Arrangement Agreement which relate to exclusivity and non-competition of Canopy Growth in favor of the Company, including the restriction preventing Canopy Growth from acquiring a competitor of the Company in the United States, will terminate. In addition, the occurrence of a Material Failure to Perform is likely to constitute an event of default under the Debenture, causing the Hempco Loan to become immediately due and payable. If the Hempco Loan is required to be repaid prior to the maturity date, it would have an immediate and lasting material adverse effect on the Company and its ability to complete the Acquisition.

In addition, if the Company's Pro-Forma Revenue is less than 60% of the Pro-Forma Net Revenue Target or the Consolidated EBITDA is less than 60% of the Consolidated Adj. EBITDA Target for the trailing 12 month period ending on the date that is 30 days prior to the proposed Acquisition Time, a Failure to Perform shall occur and a material adverse impact will be deemed to have occurred for purposes of Section 6.2(2)(h) of the Arrangement Agreement. In the event of a Failure to Perform, Canopy Growth will not be required to complete the Acquisition.

The Initial Business Plan is predicated on certain U.S. states legalizing recreational cannabis use within a proximate timeframe

The Initial Business Plan has been prepared based on the assumption that certain regulatory initiatives legalizing recreational cannabis will be approved in Connecticut, Massachusetts, New York, Pennsylvania, Illinois, New Jersey, New Hampshire, Maine and Ohio within a proximate timeframe. If some or all of the anticipated regulatory initiatives do not occur in the foregoing states within the contemplated timeline, or at all, it will have a significant adverse impact on the Company's ability to meet the Pro-Forma Net Revenue Targets and Consolidated Adj. EBITDA Targets prescribed in the Initial Business Plan, which will likely result in an Interim Failure to Perform that could lead to a Material Failure to Perform and ultimately, a Failure to Perform.

The Company is restricted from taking certain actions pursuant to the Arrangement Agreement

The Arrangement Agreement restricts the Company from taking specified actions, including, without limiting the generality of the foregoing, incurring debt or issuing additional Fixed Shares, Fixed Multiple Shares or Floating Shares beyond permitted levels which may adversely affect the ability of the Company to execute certain business strategies. These restrictions may prevent the Company from pursuing certain business opportunities.

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, including the Acquisition Regulatory Approvals (as defined in the Arrangement Agreement), (ii) performance by the Company and Canopy Growth of their respective obligations and covenants in the Arrangement Agreement, and (iii) 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 will not receive the Consideration Shares (as defined in the Arrangement Agreement) and, if applicable, the Floating Cash Consideration (as defined in the Arrangement Agreement). Certain of these conditions, including the occurrence of the Triggering Event Date, are outside of the control of the Company. There can be no certainty, nor can the Company provide any assurance, that all conditions precedent will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived and, accordingly, the Acquisition may not be completed.

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 Fixed Shares, 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.

The Exchange Ratios may be Decreased in Certain Instances

There is a fixed maximum number of Canopy Growth Shares that may be issued in connection with the Acquisition. In the event that the Company issues more Fixed 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 Fixed Exchange Ratio will be automatically reduced. In addition, in the event that the Company issues more Floating Shares than the permitted threshold under the Arrangement Agreement, the Floating Ratio will be automatically reduced. Any such reduction of the Fixed Exchange Ratio or Floating Ratio will result in the holders of Fixed Shares or Floating Shares, as applicable, receiving fewer Canopy Growth Shares upon completion of the Acquisition.

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

Cannabis is illegal under U.S. federal law. In those states in which the use of cannabis has been legalized, its use remains a violation of federal law pursuant to the CSA. The CSA classifies cannabis as a Schedule I controlled substance, and as such, medical and recreational cannabis use 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 pre-empts state laws that legalize its use, **enforcement of federal law regarding cannabis is a significant risk**, and would greatly harm the Company's business, prospects, results of operation, and financial condition.

The activities of the Subsidiaries are, and will continue to be, subject to evolving regulation by governmental authorities. The Subsidiaries are directly or indirectly engaged in the medical and recreational cannabis industry in the U.S. where local state law permits such activities. The legality of the production, cultivation, extraction, distribution, retail sales, transportation and use of cannabis differs among North American jurisdictions, as well as between states in the U.S. Due to the current regulatory environment in the U.S., new risks may emerge, and management may not be able to predict all such risks.

There are 33 states of the U.S., in addition to Washington D.C., Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands and Guam, that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. In addition, as of the date of this Prospectus, Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, Washington and Washington D.C. have legalized cannabis for recreational use.

The funding by the Company of the activities of the Subsidiaries involved in the medical and recreational cannabis industry through equity investments, loans or other forms of investment, may be illegal under the applicable federal laws of the U.S. and other applicable laws. There can be no assurances that the federal government of the U.S. or other jurisdictions will not seek to enforce the applicable laws against the 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 Obama administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum which Deputy Attorney General James Cole sent to all U.S. Attorneys in August 2013 that outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum held that enforcing federal cannabis laws and regulations in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations was not a priority for the DOJ. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, U.S. Attorney General Jeff Sessions formally issued the Sessions Memorandum, which rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future. Jeff Sessions resigned as U.S. Attorney General on November 7, 2018. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. 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 and the implications for U.S. federal government enforcement policy remains uncertain.

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 United States 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 Administration ("**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.

United States Regulatory Uncertainty

There is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the 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.

U.S. states where medical and/or recreational cannabis is legal have or are considering special taxes or fees in the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon the businesses, results of operations and financial condition of the 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 Act* (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.

FinCEN issued the FinCEN Memorandum on February 14, 2014 outlining the pathways for financial institutions to bank cannabis businesses in compliance with federal enforcement priorities. 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.

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

Because the use of cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the 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 on the Company.

Additionally, there is no guarantee that the Company will be able to effectively enforce any interests it may have in High Street or 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. Further, High Street is primarily an equity investor, and should an investee entity have insufficient assets to pay its liabilities, it is likely that other liabilities of such entity will be satisfied prior to repayment of High Street's equity. 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.

United States Border Entry

Because cannabis remains illegal under United States federal law, those investing in Canadian companies with operations in the United States cannabis industry could face detention, denial of entry or lifetime bans from the United States for their business associations with United States cannabis businesses. Entry happens at the sole discretion of U.S. Customers and Border Protection ("**CBP**") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-US citizen or foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the cannabis industry in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal may affect admissibility to the United States. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States who are not United States citizens face the risk of being barred from entry into the United States for life.

Heightened Scrutiny by Canadian and U.S. Authorities

For the reasons set forth above, 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 regulators, stock exchanges and other authorities in Canada and the U.S. As a result, the Company may

be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction, in addition to those described herein.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

CDS 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 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.

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

Section 280E ("**Section 280E**") of the United States Tax Code (the "**Tax Code**") prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various

administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

Loss of Foreign Private Issuer Status

The Company determined that, as of June 30, 2019, it no longer qualified as a "foreign private issuer" under the rules and regulations of the SEC. While the Company was a foreign private issuer, it was 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. The Company was 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 United States Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). As a result of this determination, beginning on January 1, 2020, the Company was no longer entitled to "foreign private issuer" exemptions and it now reports 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 U.S. Exchange Act. In addition, the Company now prepares it financial statements in accordance with generally accepted accounting principles in the United States rather than International Financial Reporting Standards. Beginning January 1, 2020, the Company's "insiders" were and continue to be subject to the reporting and short-swing profit recovery provisions contained in Section 16 of the U.S. Exchange Act. The Company is also no longer exempt from the requirements of Regulation FD promulgated by the SEC under the U.S. 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 the Company previously incurred as a foreign private issuer. As a result, the Company expects that the loss of foreign private issuer status will increase its legal and financial compliance costs and will make some activities highly time consuming and costly. In addition, the Company needs to develop its reporting and compliance infrastructure and may face challenges in complying with the new requirements applicable to it.

Limited Trademark Protection

None of the Company, High Street or the Subsidiaries will be able to register any U.S. federal trademarks for their cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Subsidiaries likely will be unable to protect their cannabis product trademarks beyond the geographic areas in which they conduct business. The use of its trademarks outside the states in which they operate by one or more other persons could have a material adverse effect on the value of such trademarks.

Inability to Enforce Contracts

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level in the United States, judges in multiple states have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate United States federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce contracts it enters into if necessary. The Company cannot be assured that it will have a remedy for breach of contract, which would have a material adverse effect on the Company.

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 remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would regulate it under the *Food, Drug and Cosmetics Act of 1938*. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Subsidiaries are unable to comply with the regulations or registration as prescribed by the FDA, it may have an adverse effect on the business, operating results and financial condition of the Company, High Street and/or the Subsidiaries.

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 the Company's business, financial condition and results of 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, the 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 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 medical licenses or three adult-use licenses in any category – for example, cultivation, product manufacturing, transport or retail. 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.

Security Risks

The Company maintains robust, proprietary security protocols. The Company stores certain personally identifiable information, credit and debit card information and other confidential information of the Company's customers on its systems and applications. The Company may experience attempts by third parties to obtain unauthorized access to the personally identifiable information, credit and debit card information and other confidential information of the Company's customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personally identifiable information, credit and debit card information and other confidential information could have could have a material adverse impact on the business, financial condition and results of operation of the Company.

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.

Uncertainty Regarding the Regulations over Hemp Cultivation and Production

The 2018 Farm Bill (the "**Farm Bill**") was signed into law on December 20, 2018. Under Section 10113 of the Farm Bill, state departments of agriculture must consult with the state's governor and chief law enforcement officer to devise a plan that must be submitted to the Secretary of the U.S. Department of Agriculture (the "**USDA**"). A state's plan to license and regulate hemp can only commence once the Secretary of USDA approves that state's plan. In states opting not to devise a hemp regulatory program, the USDA will need to construct a regulatory program under which hemp cultivators in those states must apply for licenses and comply with a federally-run program. The details and scope of each state's plans are not known at this time and may contain varying regulations that may impact Hempco's business. Even if a state creates a plan in conjunction with its governor and chief law enforcement officer, the Secretary of the USDA must approve it. There can be no guarantee that any state plan will be approved. Review times may be extensive. There may be amendments and the ultimate plans, if approved by the states and the USDA, may materially limit Hempco's hemp business, and indirectly that of the Company, depending upon the scope of the regulations.

Laws and Regulations affecting the Hemp Industry

As a result of the Farm Bill's passage, there will be a constant evolution of laws and regulations affecting the hemp industry that could detrimentally affect Hempco's operations. Local, state and federal hemp laws and regulations may be broad in scope and subject to changing interpretations. These changes may require Hempco to incur substantial costs associated with legal and compliance fees and ultimately require Hempco to alter its business plan. Furthermore, violations of these laws, or alleged violations, could disrupt Hempco's business and result in a material adverse effect on its operations. The Company cannot 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 Hempco's hemp business.

FDA Regulation of Hemp

As a result of the passage of the Farm Bill, at some indeterminate future time, the FDA may choose to change its position concerning products containing hemp, or CBD derived from hemp, and may choose to enact regulations that are applicable to such products, including, but not limited to: the growth, cultivation, harvesting and processing of hemp; regulations covering the physical facilities where hemp is grown; and possible testing to determine efficacy and safety of hemp-derived CBD. The proposed products that Hempco plans to introduce will likely contain CBD and may be subject to regulation. If some or all of these regulations are imposed, the impact on the hemp industry in general, and what costs, requirements and possible prohibitions may be enforced, is uncertain. If Hempco is unable to comply with the conditions and possible costs of the regulations that may be prescribed by the FDA, it may be unable to continue to operate segments of its business.

Limited Experience in the Hemp Business.

Although the Company's management has extensive business experience in cannabis, it does not have extensive experience in the hemp-based product business or retail business. Therefore, without industry-specific experience, its business experience may not be enough to effectively start-up and maintain a hemp-based product company. As a

result, the implementation of the Company's hemp business plan through Hempco may be delayed, or eventually, unsuccessful.

Ability to Access Public and Private Capital

The Company has, and will continue to have, access to equity financing from the public capital markets by virtue of its status as a reporting issuer in each of the provinces and territories of Canada following receipt of the final prospectus. The Company also has, and will continue to 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 private markets in Canada and the U.S.

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, 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 capital stock. In addition, 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 growth and profitability.

Risks Related to Ownership

Voting Control

As a result of the Fixed Multiple Shares held by Mr. Murphy, he exercises a significant majority of the voting power in respect of the outstanding Company Shares. The Fixed Shares are entitled to one vote per share, the Floating Shares are entitled to 40 votes per share, and the Fixed Multiple Shares are entitled to 4,300 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 Fixed Multiple Shares, to consummate such a transaction that the Company's other shareholders do not support. In addition, the holder of the Fixed Multiple Shares may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Company's business.

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 Fixed Multiple Shares, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Fixed Shares and/or Floating Shares, or may result in adverse publicity to the Company or other adverse consequences.

The Company is a Holding Company

The Company is a holding company and essentially all of its assets are the capital stock of the Subsidiaries in each of the markets they operate in. As a result, investors in the Company will be subject to the risks attributable to the

Subsidiaries. As a holding company, the Company conducts substantially all of its business through the Subsidiaries, which generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of the Subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Subsidiaries, holders of indebtedness and trade creditors will likely be entitled to payment of their claims from the assets of those Subsidiaries before the Company, which may have an adverse effect on the business, prospects, results of operation and financial condition of the Company.

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 Fixed Shares or Floating Shares will not occur. The market price of the Fixed Shares and Floating 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 Fixed Shares and/or Floating Shares.

Dividends

Holders of the Company 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. The Arrangement Agreement includes a general covenant by the Company in favour of Canopy Growth that, during the Acquisition Interim Period, it will not, and will not permit any of its Subsidiaries to declare, set aside or pay any dividend or other distribution of any kind or nature in respect of any securities, other than as set out in the Arrangement Agreement. 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.

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.

Negative Cash Flow From Operations

During the six months ended June 30, 2020, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company's cash and cash equivalents as at June 30, 2020 was approximately US$13,979,000. As at June 30, 2020, the Company's working capital was approximately US$18,098,000. Although the Company anticipates it will have positive cash flow from operating activities in future periods there can be no such guarantees and, to the extent that the Company has negative cash flow in any future period, certain of the proceeds from an offering of Securities may be used to fund such negative cash flow from operating activities.

United States Tax Classification of the Company

Although the Company is and will continue to be a British Columbia company, the Company is treated as a United States corporation for United States federal income tax purposes under section 7874 of the Tax Code and will be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the

Company is expected, regardless of any application of section 7874 of the Tax 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.

It is unlikely that the Company will pay any dividends on the Subordinate Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purposes of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Tax Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty. These dividends may however qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

Because the Subordinate Voting Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Subordinate Voting Shares.

The Company is treated as a U.S. domestic corporation for U.S. federal income tax purposes under section 7874 of the Tax 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 Tax 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.

PROMOTERS

Mr. Murphy may be considered a promoter of the Company, as he has taken the initiative in reorganizing and financing the business of the Company pursuant to the RTO. Other than as disclosed in this Prospectus, the Annual Report, the May 2019 Management Information Circular, the June 2020 Management Information Circular and the August 2020 Management Information Circular, there is nothing of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Murphy directly or indirectly from the Company, High Street or any Subsidiary thereof nor any assets, services or other consideration received or to be received by the Company, High Street or any Subsidiary thereof in return. Except as disclosed in the Annual Report, the May 2019 Management Information Circular, the June 2020 Management Information Circular and the August 2020 Management Information Circular, no asset has been acquired within the Company's two most recently completed financial years or during the Company's current financial year, or is to be acquired by the Company, High Street or any Subsidiary, from Mr. Murphy for valuable consideration.

Mr. Murphy beneficially owns, controls or directs, 117,600 Fixed Multiple Shares, representing 100% of the issued and outstanding Fixed Multiple Shares, 3,599,807 Fixed Shares, representing approximately 5.06% of the issued and outstanding Fixed Shares, 1,593,174 Floating Shares, representing approximately 5.21% of the issued and outstanding Floating Shares, 378,000 stock options exercisable to acquire 378,000 Fixed Shares, 162,000 stock options exercisable to acquire 162,000 Floating Shares, 551,541 restricted share units to acquire 551,541 Fixed Shares, 236,374 restricted share units to acquire 236 374 Floating Shares and 15,957,908 High Street Units, which High Street Units may be exchanged for Fixed Shares and Floating Shares or, at the Company's option, cash.

INTERESTS OF EXPERTS

The following persons or companies are named as having prepared or certified a report, valuation, statement or opinion in this Prospectus, either directly or in a document incorporated herein by reference, and whose profession or business gives authority to the report, valuation, statement or opinion made by the expert.

Marcum LLP is the auditor of the Company and is independent with respect to the Company in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

MNP LLP, the former auditor of Company, is independent with respect to the Company in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Prior to the completion of the RTO, the auditors of Applied Inventions were RSM Canada LLP, at its office located at 11 King Street West, Suite 700, Toronto, Ontario M5H 4C7. RSM Canada LLP was independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

Each of Canaccord and INFOR Financial are named as having prepared or certified a report, statement or opinion in the May 2019 Management Information Circular, specifically the Original Fairness Opinions, and Eight Capital is named as having prepared or certified a report, statement or opinion in the August 2020 Management Information Circular, specifically the New Fairness Opinion. Except for the fees paid to each of Canaccord, INFOR Financial and Eight Capital, to the knowledge of the Company, none of Canaccord, INFOR Financial, Eight Capital their respective directors, officers, employees and partners, as applicable, or their respective associates or affiliates, beneficially owns, directly or indirectly, 1% or more of the securities of the Company or any of its associates or affiliates, has received or will receive any direct or indirect interests in the property of the Company or any of its associates or affiliates, or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate thereof.

KPMG LLP has performed the audit in respect of certain Canopy Growth financial statements incorporated by reference herein. KPMG and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Company.

Deloitte LLP has have performed the audit in respect of certain Canopy Growth financial statements incorporated by reference herein. Deloitte LLP and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Company.

EXEMPTIONS

Pursuant to a decision of the Autorité des marchés financiers dated October 13, 2020, the Company was granted a permanent exemption from the requirement to translate into French this Prospectus as well as the documents incorporated by reference therein and any Prospectus Supplement to be filed in relation to an "at-the-market distribution". This exemption is granted on the condition that this Prospectus and any Prospectus Supplement (other than in relation to an "at-the-market distribution") be translated into French if the Company offers Securities to Québec purchasers in connection with an offering other than in relation to an "at-the-market distribution".

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Company is Odyssey Trust Company located at 835 - 409 Granville Street, Vancouver, British Columbia V6C 1T2.

LEGAL MATTERS

Unless otherwise specified in a Prospectus Supplement relating to any Securities offered, certain Canadian legal matters in connection with the offering of Securities will be passed upon on behalf of Acreage by DLA Piper (Canada) LLP. In addition, certain legal matters in connection with any offering of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such underwriters, dealers or agents, as the case may be.

AGENT FOR SERVICE OF PROCESS

John Boehner, Kevin Murphy, Douglas Maine, William Van Faasen and Glen Leibowitz, each a director or officer of the Company residing outside of Canada, have appointed DLA Piper (Canada) LLP, Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 27Z, as agent for service of process.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two business days after receipt or deemed receipt of a prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto. In several of the provinces and territories, securities legislation further provides the purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto contain a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory, as applicable. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

In addition, original purchasers of convertible, exchangeable or exercisable Securities (unless the Securities are reasonably regarded by the Company as incidental to the applicable offering as a whole) will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of the convertible, exchangeable or exercisable Security. The contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive the amount paid for the applicable convertible, exchangeable or exercisable Security (and any additional amount paid upon conversion, exchange or exercise) upon surrender of the underlying securities acquired thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus.

In an offering of convertible, exchangeable or exercisable Subscription Receipts, Warrants or convertible, exchangeable or exercisable Debt Securities (or Units comprised partly thereof), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial securities legislation, to the price at which convertible, exchangeable or exercisable Subscription Receipts, Warrants or convertible, exchangeable or exercisable Debt Securities (or Units comprised partly thereof) are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces or territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

October 21, 2020

This preliminary short form prospectus and draft amended and restated short form prospectus, together with the documents incorporated in this preliminary short form prospectus and draft amended and restated short form prospectus by reference, will, as of the date of a particular distribution of securities under the preliminary short form prospectus and draft amended and restated short form prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this preliminary short form prospectus and draft amended and restated short form prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

(signed) "*William C. Van Faasen*"

William C. Van Faasen
Interim Chief Executive Officer

(signed) "*Glen Leibowitz"*

Glen Leibowitz
Chief Financial Officer

On behalf of the Board of Directors:

(signed) "*John Boehner*"

John Boehner
Director

(signed) "*Kevin Murphy*"

Kevin Murphy
Director

CERTIFICATE OF THE PROMOTER

October 21, 2020

This preliminary short form prospectus and draft amended and restated short form prospectus, together with the documents incorporated in this preliminary short form prospectus and draft amended and restated short form prospectus by reference, will, as of the date of a particular distribution of securities under the preliminary short form prospectus and draft amended and restated short form prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this preliminary short form prospectus and draft amended and restated short form prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

(signed) "*Kevin Murphy*"

Kevin Murphy

EXHIBIT A

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO THE COMPANY SHARES

NEW SUBORDINATE SHARES

The Company will be authorized to issue an unlimited number of Class E subordinate voting shares ("**New Subordinate Shares**"), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

26.1 Voting

The holders of New Subordinate 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 New Subordinate Share shall entitle the holder thereof to one vote at each such meeting.

26.2 Alteration to Rights of New Subordinate Shares

So long as any New Subordinate Shares remain outstanding, the Company will not, without the consent of the holders of New Subordinate 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 New Subordinate Shares; or

(b) affect the rights or special rights of the holders of New Subordinate Shares, New Multiple Shares or Floating Shares on a per share basis as provided for herein.

26.3 Purchaser Call Option

Each issued and outstanding New Subordinate Share shall, without any action by the holder, be subject to the terms of the Amended Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Amended Plan of Arrangement.

For the purposes of these New Subordinate Share special rights and restrictions:

(a) "**Amendment**" means the second amendment to the Arrangement Agreement made September 23, 2020 between Canopy Growth Corporation and the Company;

(b) "**Arrangement Agreement**" means the arrangement agreement made April 18, 2019, as amended on May 15, 2019 and September 23, 2020 by the Amendment, between Canopy Growth Corporation and the Company as the same may be further amended, supplemented or restated;

(c) "**Amended Plan of Arrangement**" means the amended and restated plan of arrangement contemplated by the Amendment implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such amended and restated plan of arrangement may be amended from time to time; and

(d) "**Purchaser Call Option**" has the meaning ascribed to such term in the Amended Plan of Arrangement. The Purchaser Call Option contains the terms and conditions in Exhibit B to the Amended Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A, and forms part of the special rights and restrictions attached to the New Subordinate Shares.

26.4 Dividends

The holders of New Subordinate Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the New Subordinate Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the New Multiple Shares, in an amount per New Multiple Share equal to the amount of the dividend declared per New Subordinate Share; and (ii) the Floating Shares, in an amount per Floating Share equal to the amount of the dividend declared per New Subordinate 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 New Subordinate Shares shall be entitled to participate *pari passu* with the holders of New Multiple Shares and Floating Shares, with the amount of such distribution per New Subordinate Share equal to each of: (i) the amount of such distribution per New Multiple Share; and (ii) the amount of such distribution per Floating Share.

26.6 Subdivision or Consolidation

The New Subordinate Shares shall not be consolidated or subdivided unless the New Multiple Shares and the Floating Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

NEW MULTIPLE SHARES

The Company will be authorized to issue 117,600 Class F multiple voting shares ("**New Multiple Shares**"), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

27.1 Voting

The holders of New Multiple Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 27.2 and 27.3, each New Multiple Share shall entitle the holder to 4,300 votes and each fraction of a New Multiple Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 4,300 and rounding the product down to the nearest whole number, at each such meeting.

27.2 Alteration to Rights of New Multiple Shares

So long as any New Multiple Shares remain outstanding, the Company will not, without the consent of the holders of New Multiple 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 New Multiple Shares; or

(b) affect the rights or special rights of the holders of New Subordinate Shares, New Multiple Shares and Floating Shares on a per share basis as provided for herein.

At any meeting of holders of New Multiple Shares called to consider such a separate special resolution, each New Multiple Share shall entitle the holder to one vote and each fraction of a New Multiple Share will entitle the holder to the corresponding fraction of one vote.

27.3 Shares Superior to New Multiple 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 New Multiple Shares without the consent of the holders of a majority of the New Multiple Shares expressed by separate ordinary resolution.

At any meeting of holders of New Multiple Shares called to consider such a separate ordinary resolution, each New Multiple Share will entitle the holder to one vote and each fraction of a New Multiple Share shall entitle the holder to the corresponding fraction of one vote.

27.4 Purchaser Call Option

Each issued and outstanding New Multiple Share shall, without any action by the holder, be subject to the terms of the Amended Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Amended Plan of Arrangement.

For the purposes of these New Multiple Share special rights and restrictions:

(a) "**Amendment**" means the second amendment to the Arrangement Agreement made September 23, 2020 between Canopy Growth Corporation and the Company;

(b) "**Arrangement Agreement**" means the arrangement agreement made April 18, 2019, as amended on May 15, 2019 and September 23, 2020 by the Amendment, between Canopy Growth Corporation and the Company as the same may be further amended, supplemented or restated;

(c) "**Amended Plan of Arrangement**" means the amended and restated plan of arrangement contemplated by the Amendment implementing an arrangement under Section 288 of the *Business Corporations Act* (British

Columbia) involving the Company and Canopy Growth Corporation, as such amended and restated plan of arrangement may be amended from time to time; and

(d) "**Purchaser Call Option**" has the meaning ascribed to such term in the Amended Plan of Arrangement. The Purchaser Call Option contains the terms and conditions in Exhibit B to the Amended Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A, and forms part of the special rights and restrictions attached to the New Multiple Shares.

27.5 Issuance

No additional New Multiple Shares are issuable following the date of the Amendment.

27.6 Dividends

The holders of New Multiple Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time. The directors may declare no dividend payable in cash or property on the New Multiple Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the New Subordinate Shares, in an amount equal to the amount of the dividend declared per New Multiple Share; and (ii) the Floating Shares, in an amount equal to the amount of the dividend declared per New Multiple Share.

Holders of fractional New Multiple Shares shall be entitled to receive any dividend declared on the New Multiple Shares, in an amount equal to the dividend per New Multiple Share multiplied by the fraction thereof held by such holder.

27.7 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 New Multiple Shares shall be entitled to participate *pari passu* with the holders of New Subordinate Shares and Floating Shares, with the amount of such distribution per New Multiple Share equal to each of: (i) the amount of such distribution per New Subordinate Share; and (ii) the amount of such distribution per Floating Share; and each fraction of a New Multiple Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole New Multiple Share.

27.8 Subdivision or Consolidation

The New Multiple Shares shall not be consolidated or subdivided unless the New Subordinate Shares and the Floating Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

27.9 Transfer of New Multiple Shares

No New Multiple Share may be sold, transferred, assigned, pledged or otherwise disposed of, other than: (i) in connection with the conversion of New Multiple Shares into New Subordinate 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.

27.10 Mandatory Conversion

Notwithstanding anything to the contrary contained in this Article 27, on the Acquisition Date, each issued and outstanding New Multiple Share shall be automatically converted, in accordance with the Amended Plan of Arrangement, into such number of New Subordinate Shares as is determined by multiplying the number of New Multiple Shares by one. Fractions of New Multiple Shares shall be converted into such number of New Subordinate Shares as is determined by multiplying the fraction by one.

FLOATING SHARES

The Company will be authorized to issue an unlimited number of Class D subordinate voting shares ("**Floating Shares**"), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

28.1 Voting

The holders of Floating 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 Floating Share shall entitle the holder thereof to one vote at each such meeting.

28.2 Alteration to Rights of Floating Shares

So long as any Floating Shares remain outstanding, the Company will not, without the consent of the holders of Floating 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 Floating Shares; or

(b) affect the rights or special rights of the holders of New Subordinate Shares, New Multiple Shares or Floating Shares on a per share basis as provided for herein.

28.3 Floating Call Option

Each issued and outstanding Floating Share shall, without any action by the holder, be subject to the terms of the Amended Plan of Arrangement (as defined below) and the Floating Call Option (as defined below) granted pursuant to the Amended Plan of Arrangement.

For the purposes of these Floating Share special rights and restrictions:

(a) "**Amendment**" means the second amendment to the Arrangement Agreement made September 23, 2020 between Canopy Growth Corporation and the Company;

(b) "**Arrangement Agreement**" means the arrangement agreement made April 18, 2019, as amended on May 15, 2019 and September 23, 2020 by the Amendment, between Canopy Growth Corporation and the Company as the same may be further amended, supplemented or restated;

(c) "**Amended Plan of Arrangement**" means the amended and restated plan of arrangement contemplated by the Amendment implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such amended and restated plan of arrangement may be amended from time to time; and

(d) "**Floating Call Option**" has the meaning ascribed to such term in the Amended Plan of Arrangement. The Floating Call Option contains the terms and conditions in Exhibit B to the Amended Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A, and forms part of the special rights and restrictions attached to the Floating Shares.

28.4 Dividends

The holders of Floating Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time. The directors may declare no dividend payable in cash or property on the Floating Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) New Subordinate Shares, in an amount per New Subordinate Share equal to the amount of the dividend declared per Floating Share; and (ii) the New Multiple Shares, in an amount per New Multiple Share equal to the amount of the dividend declared per Floating Share.

28.5 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Floating Shares shall be entitled to participate *pari passu* with the holders of New Subordinate Shares and New Multiple Shares, with the amount of such distribution per Floating Share equal to each of: (i) the amount of such distribution per New Subordinate Share; and (ii) the amount of such distribution per New Multiple Share.

28.6 Subdivision or Consolidation

The Floating Shares shall not be consolidated or subdivided unless the New Subordinate Shares and the New Multiple Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

APPENDIX A

(TO RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO THE SHARES)

Definitions

Capitalized terms used but not defined in this Appendix A shall have the meaning ascribed thereto in the Amended Plan of Arrangement (the "**Amended Plan of Arrangement**").

TERMS OF PURCHASER CALL OPTION

The Purchaser Call Option is granted upon and subject to the following terms and conditions:

Purchaser Call Option

Pursuant to the terms of the Purchaser Call Option and the terms of the New Subordinate Shares and the New Multiple Shares, the Purchaser has an option to purchase all of the New Subordinate Shares held by the Shareholders on the Acquisition Date immediately following the exchange referred to in Section 3.2(n)(i) of the Amended Plan of Arrangement (such Shares, the "**Purchaser Call Option Shares**"), in each case subject to the terms and conditions set out in the Amended 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 Company (with a copy to the Depositary) 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 Company (with a copy to the Depositary) 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 Company 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 Purchaser (with a copy to the Depositary) 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.

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 Shareholder, and each Shareholder shall be required to sell to the Purchaser, on the Acquisition Date, the New Subordinate Shares held by such Shareholder immediately following the exchange referred to in Section 3.2(n)(i) of the Amended Plan of Arrangement, in consideration for the payment by the Purchaser to such Shareholder 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 New Subordinate Share acquired from such Shareholder, all in accordance with this Exhibit B and the Amended 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 3.2(n)(i) of the Amended Plan of Arrangement, Company Non-U.S. Shareholders shall exchange their New Subordinate Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.2(n)(iii) of the Amended Plan of Arrangement; and

2) Following the exchange by Company Non-U.S. Shareholders of their New Subordinate Shares to the Purchaser in accordance with Section 3.2(n)(iii) of the Amended 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 3.2(n)(vi)(F) of the Amended 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 Amended Plan of Arrangement.

Assignment of Shares Prior to the Acquisition Date

Notwithstanding the foregoing, the Purchaser Call Option shall not prohibit the sale, assignment or transfer of Shares by Shareholders at any time, or from time to time, prior to the Acquisition Date. A Shareholder that sells, assigns or transfers 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 Shares (except to the extent such Shareholder subsequently re-acquires such Shares). For greater certainty, any acquirer of Shares following such sale, assignment or transfer shall be subject to the terms of the Purchaser Call Option in respect of such Shares.

Holders of Common Membership Units and USCo2 Class B Shares

The terms provided herein with respect to 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 and the fourth amended and restated limited liability agreement of High Street.

TERMS OF FLOATING CALL OPTION

Each Floating Call Option is granted upon and subject to the following terms and conditions:

Floating Call Option

Pursuant to the terms of the Floating Call Option and the terms of the Floating Shares, the Purchaser has an option to purchase all of the Floating Shares held by the Floating Shareholders on the Acquisition Date, subject to the terms and conditions set out in the Amended Plan of Arrangement, including Exhibit B thereto and this Exhibit A.

Exercise of Floating Call Option Prior to Triggering Event Date

The Floating Call Option may be exercised by the Purchaser in its sole discretion, following the exercise of the Purchaser Call Option, by delivering to the Company (with a copy to the Depositary) a Floating Call Option Exercise Notice on or before the Floating Election Expiry Date stating that the Purchaser is exercising the Floating Call Option with respect to all (but not less than all) of the Floating Shares, subject to the Acquisition Closing Conditions being satisfied or waived. For greater certainty, the Purchaser has no right to acquire the Floating Shares pursuant to the Floating Call Option if the New Subordinate Shares are not acquired by the Purchaser pursuant to the Purchaser Call Option.

Expiry of Floating Call Option

The Floating Call Option shall expire and terminate effective as of the earlier of (i) the Floating Election Expiry Date, and (ii) 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 Floating Call Option is 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 Floating 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 of Floating Call Option

Upon the exercise of the Floating Call Option, the Purchaser shall be required to purchase from each Floating Shareholder, and each Floating Shareholder shall be required to sell to the Purchaser, on the Acquisition Date, the Floating Shares held by such Floating Shareholder in consideration for the payment by the Purchaser to such Floating Shareholder of the Floating Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Floating Per Share Consideration) for each Floating Share acquired from such Floating Shareholder, all in accordance with this Exhibit B and the Amended Plan of Arrangement.

Determination of Floating Consideration

On the Floating Election Date, the Purchaser shall notify the Depositary and publicly announce by press release, either:

1) the Purchaser's determination that the Floating Consideration shall be comprised solely of Floating Share Consideration;

2) the Purchaser's determination that the Floating Consideration shall be comprised solely of Floating Cash Consideration; or

3) the Proportionate Election that the Floating Consideration to be received for each Floating Share held shall be comprised of a Share Proportion and a Cash Proportion.

In the event of a Proportionate Election, each Floating Shareholder shall receive pursuant to Section 3.2(n)(iv) for each Floating Share held (i) the Share Proportion multiplied by the Floating Share Consideration; and (ii) the Cash Proportion multiplied by the Floating Cash Consideration. In no circumstances shall the non-cash portion of the Aggregate Floating Consideration include Purchaser Shares in an amount greater than the Floating Share Maximum without the prior written consent of the Purchaser.

Purchase and Sale of Floating Shares Following Exercise of Floating Call Option

The closing of the purchase and sale of Floating Shares following the exercise by the Purchaser of the Floating Call Option shall occur on the Acquisition Date. Shareholders shall exchange their Floating Shares for the Floating Consideration (or, to the extent applicable, any Alternate Floating Consideration) in accordance with Section 3.2(n)(iv) of the Amended Plan of Arrangement.

On the Acquisition Date, the Purchaser shall issue to the holder of a Floating Share, for each Floating Share acquired, the Floating Consideration (or, to the extent applicable, any Alternate Floating Consideration), in accordance with Section 5.1 of the Amended Plan of Arrangement.

Assignment of Shares Prior to the Acquisition Date

Notwithstanding the foregoing, the Floating Call Option shall not prohibit the sale, assignment or transfer of Floating Shares by Floating Shareholders at any time, or from time to time, prior to the Acquisition Date. A Floating Shareholder that sells, assigns or transfers Floating Shares prior to the Acquisition Date shall, following such sale, assignment or transfer, not be subject to the terms of the Floating Call Option in respect of such Floating Shares (except to the extent such Floating Shareholder subsequently re-acquires such Floating Shares). For greater certainty, any acquirer of Floating Shares following such sale, assignment or transfer shall be subject to the terms of the Floating Call Option in respect of such Floating Shares.