



## ***Acreage Holdings Announces Sale of Notes***

**New York, NY - May 10, 2021** - Acreage Holdings, Inc. ("Acreage") (CSE: ACRG.A.U, ACRG.B.U), (OTC: ACRHF, ACRDF) a multi-state operator of cannabis cultivation and retailing facilities in the U.S., announced today it has completed the sale of US\$28.0 million in promissory notes receivable (the "Notes") that it received as consideration for the previously announced sale of its Acreage Florida subsidiary to Red White and Bloom Brands, Inc. (CSE: RWB) (OTCQX: RWBYF).

The Notes, which are due from Red White and Bloom Brands, Inc., were sold to Viridescent Realty Trust, Inc. ("Viridescent") for total cash proceeds of US\$26.0 million. This represents the upper range of the estimated fair market value of the Notes as determined by an independent financial advisor retained by Acreage to consider the fair market value of the Notes. No additional fees or commission were paid related to the sale of the Notes.

US\$21.0 million of the proceeds from the sale of the Notes will be used to repay IP Investment Company, LLC ("IP Investment") as part of a credit agreement previously announced on February 7, 2020. This amount was borrowed from IP Investment in order to post collateral in a Credit Agreement with SAFB Harmony LP, as agent for certain lenders, also announced on February 7, 2020 (the "SAFB Credit Agreement"). The collateral, which is held in a restricted account, will be released to repay the SAFB Credit Agreement and also result in the return of approximately \$1.0 million to Acreage.

"The sale of the promissory notes that we received as consideration for the sale of our Florida operations, as well as the use of these proceeds to extinguish other debts of the Company, represent an important next step in strengthening our balance sheet," said Steve Goertz, Chief Financial Officer of Acreage. "As we have previously communicated, Acreage remains focused on our three key strategic objectives - driving profitability, strengthening our balance sheet, and accelerating our growth in our core markets."

Viridescent is an entity controlled by Kevin Murphy, the Chairman of the Board of Directors of Acreage. Because of Mr. Murphy's interest in Viridescent, the sale of the Notes to Viridescent constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company has relied on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 at Sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of such sale on the basis 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 exceeded 25% of the Company's market capitalization (as determined under MI 61-101). Further details



will be included in a material change report to be filed by the Company. The material change report will be filed within 10 days of the date sale of the Notes.

#### **ABOUT ACREAGE HOLDINGS, INC.**

With its principal address in New York City, Acreage is a multi-state operator of cannabis cultivation and retailing facilities in the U.S., including the company's national retail store brand, The Botanist. Acreage's wide range of national and regionally available cannabis products include the award-winning The Botanist brand, the highly recognizable Tweed brand, the Prime medical brand in Pennsylvania, the Innocent edibles brand in Illinois and others. Acreage also owns Universal Hemp, LLC, a hemp subsidiary dedicated to the distribution, marketing and sale of CBD products throughout the U.S. Since its founding in 2011, Acreage has focused on building and scaling operations to create a seamless, consumer-focused, branded experience. More information is available at [www.acreageholdings.com](http://www.acreageholdings.com).

On June 27, 2019, Acreage implemented an arrangement under section 288 of the Business Corporations Act (British Columbia) with Canopy Growth Corporation ("Canopy Growth"), which was subsequently amended on September 23, 2020 (the "Amended Arrangement"). Pursuant to the Amended Arrangement, upon the occurrence (or waiver by Canopy Growth) of changes 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"), Canopy Growth will, subject to the satisfaction or waiver of certain closing conditions, acquire all of the issued and outstanding Class E subordinate voting shares (the "Fixed Shares") on the basis of 0.3048 of a Canopy Growth share per Fixed Share (following the automatic conversion of the Class F multiple voting shares and subject to adjustment in accordance with the terms of the arrangement agreement entered into between Acreage and Canopy Growth on April 18, 2019, as amended on May 15, 2019 and on September 23, 2020).

In addition, Canopy Growth holds an option, exercisable at the discretion of Canopy Growth, to acquire all of the issued and outstanding Class D subordinate voting shares (the "Floating Shares") at the time that Canopy Growth acquires the Fixed Shares, for cash or Canopy Growth shares, as Canopy Growth may determine, at a price per Floating Share based upon the 30-day volume-weighted average trading price of the Floating Shares on the CSE relative to the trading price of the Canopy Growth shares at the time of the occurrence or waiver of the Triggering Event, subject to a minimum price of US\$6.41 per Floating Share.

For more information about the Amended Arrangement please see the Acreage proxy statement and management information circular dated August 17, 2020 (the "Circular") and the respective information circulars of each of Acreage and Canopy Growth dated May 17, 2019, which are available on Acreage's and Canopy Growth's respective profiles on SEDAR at [www.sedar.com](http://www.sedar.com) and filed with the SEC on the EDGAR website at [www.sec.gov](http://www.sec.gov). For additional information regarding Canopy Growth, please see Canopy Growth's profile on SEDAR at [www.sedar.com](http://www.sedar.com).



## **FORWARD LOOKING STATEMENTS AND NON-GAAP MEASURES**

This news release and each of the documents referred to herein contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian and United States securities legislation, respectively. All statements, other than statements of historical fact, included herein are forward-looking information, including, for greater certainty, statements regarding the Amended Arrangement, including the likelihood of completion thereof, the occurrence or waiver of the Triggering Event, the satisfaction or waiver of the closing conditions set out in the Arrangement Agreement and other statements with respect to the proposed transactions with Canopy Growth. Often, but not always, forward-looking statements and information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Acreage or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements or information contained in this news release. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including, but not limited to financing and liquidity risks, and the risks disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, dated March 25, 2021 and the Company’s other public filings, in each case filed with the SEC on the EDGAR website at [www.sec.gov](http://www.sec.gov) and with Canadian securities regulators and available on the issuer profile of Acreage on SEDAR at [www.sedar.com](http://www.sedar.com). Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

Although Acreage believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release and Acreage does not undertake any obligation to publicly update such forward-looking information or forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities laws.

This release contains tables that reconcile our results of operations reported in accordance with accounting principles generally accepted in the United States of America (“GAAP”) to adjusted results that exclude the impact of certain items identified as affecting comparability (non-GAAP). We use EBITDA,



adjusted EBITDA, adjusted EBITDA from core operations, adjusted net loss attributable to Acreage, same store sales trends, among other measures, to evaluate our actual operating performance and for planning and forecasting future periods. We believe the adjusted results presented provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies and allow investors to review performance in the same way as our management. Since these measures are not calculated in accordance with GAAP, they should not be considered in isolation of, or as a substitute for, our reported results as indicators of our performance, and they may not be comparable to similarly named measures from other companies. The tables below reconcile our results of operations in accordance with GAAP to the adjusted results mentioned above:

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

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