

## FORM 51-102F3

### MATERIAL CHANGE REPORT

**Item 1. Name and Address of Company**

Acreage Holdings, Inc. (“**Acreage**”)  
450 Lexington Avenue, #3308  
New York, NY 10163

**Item 2. Date of Material Change**

June 14, 2021

**Item 3. News Release**

A news release was disseminated on June 14, 2021 via GlobeNewswire and filed on SEDAR.

**Item 4. Summary of Material Change**

On June 11, 2021, an Acreage subsidiary entered into a Loan Sale and Assignment Agreement (the “**Agreement**”) with Viridescent Realty Trust, Inc., an entity controlled by the Chairman of the Board of Directors of Acreage, (“**Viridescent**”). On June 14, 2021, Acreage announced that, pursuant to the terms of the Agreement, it 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. (“**RWB**”) to Viridescent for total cash proceeds of US\$26.0 million (the “**Purchase Price**”).

**Item 5. Full Description of Material Change**

On June 11, 2021, an Acreage subsidiary entered into the Agreement with Viridescent, an entity controlled by the Chairman of the Board of Directors of Acreage. On June 14, 2021, Acreage announced that, pursuant to the terms of the Agreement, it completed the sale of US\$28.0 million in Notes that it received as consideration for the previously announced sale of its Acreage Florida subsidiary to RWB to Viridescent for the Purchase Price.

The Purchase Price was in the upper range of the 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**”) in accordance with a credit agreement previously announced on February 7, 2020. This amount was borrowed from IP Investment in order to post collateral (the “**Collateral**”) in connection with a credit entered into 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 from such account and used to repay amounts outstanding under the SAFB Credit Agreement with the remaining amount of approximately \$1.0 million returned to Acreage.

Viridescent is an entity controlled by Kevin Murphy, the Chairman of Acreage's Board of Directors. 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"). A material change report was not filed more than 21 days prior to the expected closing of the sale of the Notes, as contemplated by the related party transaction requirements under MI 61-101, as the insider participation was only recently confirmed.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101:

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

See Item 5 above.

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

The sale of the Notes was completed in order to accelerate the receipt of cash proceeds related to the repayment of the Notes. This expedited receipt of the cash will assist with the repayment of other outstanding debts described above. Additionally, the sale of the Notes eliminated any risk of repayment of the debt by RWB.

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

See Item 5 above.

**(d) a description of:**

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

Pursuant to the terms of the Agreement, the Notes were sold to Viridescent, an entity controlled by Mr. Murphy, in exchange for the Purchase Price.

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

N/A

**(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

Acreage explored various potential sales of the Notes in the market and determined that the net proceeds (including any sales commissions payable) from a sale of the Notes to Viridescent were likely to be higher and there was an increased probability of a prompt

closing. Prior to completing the sale of the Notes, Acreage offered to sell the Notes to RWB pursuant to a right of first refusal granted in favour of RWB and as set out in the Notes. RWB did not exercise its right of first refusal to purchase the Notes in response to Acreage's offer.

Prior to entering into the Agreement, Acreage's Board of Directors met to discuss the sale of the Notes to Viridescent, with Mr. Murphy, the Chairman of Acreage's Board of Directors, recusing himself from such meeting. The Acreage Board of Directors obtained the advice of an independent financial advisor that was retained to consider and determine the fair market value of the Notes. The Purchase Price fell within the upper range of the fair value of the Notes, as determined by the independent financial advisor.

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

N/A

**(g) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction (i) that has been made in the 24 months before the date of the material change report, and (ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:**

N/A

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

See Item 5 above.

**(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7, respectively, and the facts supporting reliance on the exemptions:**

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 the sale of the Notes 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).

**Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not Applicable.

**Item 7. Omitted Information**

No information has been omitted from this Material Change Report.

**Item 8. Senior Officer**

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

Steve Goertz, Chief Financial Officer  
Telephone: 646-600-9181

**Item 9. Date of Report**

June 17, 2021