

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

1. **Name and Address of Company**

Acreage Holdings, Inc. (the “**Corporation**” or “**Acreage**”)

2. **Date of Material Change**

December 16, 2021

3. **News Release**

A press release disclosing the material change was issued on December 16, 2021 through the facilities of Globe Newswire.

4. **Summary of Material Change**

The Corporation announced the closing of a \$150 million credit facility with AFC Gamma, Inc. and Viridescent Realty Trust, Inc., an entity controlled by the Chairman of the Board of Directors of Acreage. Under the terms of the credit facility, \$100 million is available for immediate use and a further \$50 million is available in future periods under a committed accordion option once certain, predetermined milestones are achieved.

In connection with the closing of the Credit Facility, Acreage amended the terms of its subsidiary’s \$33 million credit facility announced on September 29, 2020 to: (i) extend the maturity date thereof from September 28, 2023 to April 1, 2026, and (ii) provide that interest accrued on or after December 1, 2022 may, at the borrower’s election, be paid in kind and added to the principal amount of the loan to be paid when the loan becomes due and payable or is repaid.

5.1 **Full Description of Material Change**

On December 16, 2021, Acreage Holdings, Inc. announced the closing of a \$150 million credit facility (the “**Credit Facility**”) with AFC Gamma, Inc. (NASDAQ:AFCG) (“**AFC Gamma**”) and Viridescent Realty Trust, Inc. (“**Viridescent**”), an entity controlled by the Chairman of the Board of Directors of Acreage. Under the terms of the Credit Facility, \$100 million is available for immediate use and a further \$50 million is available in future periods under a committed accordion option once certain, predetermined milestones are achieved. Acreage intends to use the proceeds of the Credit Facility to fund expansion initiatives, repay existing debt and provide additional working capital. The Credit Facility will bear interest at 9.75% per annum, payable monthly in arrears, with a maturity date of January 1, 2026.

AFC Gamma has committed \$60 million (with an additional \$10 million syndicated to an affiliate) of the \$100 million available for immediate use under the Credit Facility and \$30 million will be held by co-agent Viridescent. The loan is secured by first-lien mortgages on Acreage’s wholly owned real estate and other commercial security interests. AFC Agent LLC served as Administrative Agent for the transaction.

In connection with the closing of the Credit Facility, Acreage amended the terms of its subsidiary’s \$33 million credit facility (“**Amendment No. 1**”) announced on September 29, 2020 to: (i) extend the maturity date thereof from September 28, 2023 to April 1, 2026, and (ii) provide that interest accrued on or after December 1, 2022 may, at the borrower’s election, be paid in kind and added to the principal amount of the loan to be paid when the loan becomes due and payable or is repaid.

Each of the credit agreement in respect of the Credit Facility and Amendment No. 1 is filed as a material contract on Acreage's SEDAR profile. The description of the Credit Facility and Amendment No. 1 is qualified in entirety by the terms of the Credit Facility and Amendment No. 1, respectively.

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

Kevin Murphy, the Chairman of the Board of Directors of Acreage, is the President and Chairman of the Board of Directors of Viridescent. Viridescent's participation in the Credit Facility constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") of the Canadian Securities Administrators. The material change report was not be filed more than 21 days prior to closing of the Credit Facility due to the timing of the concurrent announcement and closing of the Credit Facility.

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

See Item 5.1 above.

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

Acreage was desirous of repaying its higher-interest debt and generating sufficient additional capital to finance its growth objectives and working capital requirements.

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

Acreage intends to use the proceeds of the Credit Facility to fund expansion initiatives, repay existing debt and provide additional working capital. The Credit Facility is expected to provide Acreage with the financial flexibility to focus on driving profitability and accelerating growth in its core markets.

**(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:**

Kevin Murphy, the Chairman of the Board of Directors of Acreage, is the President and Chairman of the Board of Directors of Viridescent. Viridescent provided \$30 million of the loan amount on the same terms as the third part lender.

**(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:**

Not applicable.

**(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 undertook a competitive process to source a credit facility of the magnitude necessary to satisfy its objective set forth in Section 5.1(b) above. After completion of a comprehensive process to solicit best and final offers that included obtaining a debt raise assessment from an independent investment dealer, Acreage negotiated definitive terms with AFC Gamma, following which the parties agreed to syndicate a portion of the Credit Facility to Viridescent. The Credit Facility, including Viridescent's participation therein, was approved via a unanimous written consent by Acreage's board of directors whereby Kevin Murphy's interest was disclosed.

**(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:**

Acreage relied on exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101. Acreage is exempt from the formal valuation requirement contained in sections 5.5(b) of MI 61-101 as Acreage does not have securities listed on a prescribed stock exchange. Acreage is exempt from the minority shareholder approval requirements pursuant to 5.7(1)(f) of MI 61-101 as the related party's participation in the Credit Facility is on the same terms as AFC Gamma, a person dealing at arm's length to Acreage. The Credit Facility was negotiated between Acreage and AFC Gamma, is on reasonable commercial terms and neither the principal amount nor interest owing under the Credit Facility is convertible into, or repayable by issuance of, Acreage securities. The Credit Facility was approved by Acreage's board of directors with Kevin Murphy recusing himself.

**(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:**

Not applicable.

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

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:**

Acreage relied on exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101. Acreage is exempt from the formal valuation requirement contained in sections 5.5(b) of MI 61-101 as Acreage does not have securities listed on a prescribed stock exchange.

Acreage is exempt from the minority shareholder approval requirements pursuant to 5.7(1)(f) of MI 61-101 as the related party's participation in the Credit Facility is on the same terms as AFC Gamma, a person dealing at arm's length to Acreage. The Credit Facility was negotiated between Acreage and AFC Gamma, is on reasonable commercial terms and neither the principal amount nor interest owing under the Credit Facility is convertible into, or repayable by issuance of, Acreage securities.

Further details will be included in a material change report to be filed by Acreage. The material change report will not be filed more than 21 days prior to closing of the Credit Facility due to the timing of the concurrent announcement and closing of the Credit Facility.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

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

The report is not being filed on a confidential basis.

**7. Omitted Information**

No significant facts have been omitted from this Material Change Report.

**8. Executive Officer**

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

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

**9. Date of Report**

This report is dated December 23, 2021.

**Cautionary Statement Regarding Forward-Looking Information**

This material change report 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 driving profitability, accelerating growth in our core markets and maximizing shareholder value. 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 material change report. 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 material change report are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this material change report are made as of the date of this material change report and 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.