

**FORM 62-103F1**

**REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

**State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.**

Not Applicable.

**Item 1 – Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report relates to subordinate voting shares (the “**Subordinate Voting Shares**”), share purchase warrants (the “**Warrants**”) and rights (the “**Rights**”) of Ayr Strategies Inc., formerly known as Cannabis Strategies Acquisition Corp. (the “**Issuer**”).

Upon the completion of the Qualifying Transaction (as defined below), the Rights automatically became convertible into one-tenth (1/10) of one Class A restricted voting share of the Issuer (the “**Class A Shares**”) and each Warrant became exercisable into one Subordinate Voting Share of the Issuer after 65 days. Following the Qualifying Transaction, each Class A Share automatically converted into a Subordinate Voting Share.

The Issuer’s head office address is:

199 Bay Street, Suite 5300  
Commerce Court West  
Toronto, Ontario  
M5L 1B9

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

The transactions that triggered the requirement to file this report took place through the facilities of Aequitas NEO Exchange Inc. (“**NEO**”) or other marketplaces and acquisitions of one or more businesses or assets, by way of merger, share exchange, asset acquisition, share purchase, reorganization, or other similar business combinations involving the Issuer (together, the “**Qualifying Transaction**”).

**Item 2 – Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

This report is being filed on behalf of: Craig Effron (“**Effron**”), Curtis Schenker (“**Schenker**”), Scoggin Management LP (the “**Manager**”), Scoggin International Fund Ltd. (the “**Fund**”), Dev Chodry (“**Chodry**”), and certain other individuals (such other individuals together being the “**Additional Holders**”). Effron and Schenker each has

control or direction over the Subordinate Voting Shares beneficially owned by the Fund by virtue of having control or direction over the Manager, which in turn has control or direction over the Subordinate Voting Shares beneficially owned by the Fund. Each of Effron and Schenker also beneficially owns additional Subordinate Voting Shares personally. Schenker is the general partner of CJS Partners LP (“**CJS**”) and of Carolyn Partners LP (“**Carolyn**”, and together with Effron, Schenker, the Manager, the Fund, Chodry, the Additional Holders and CJS, the “**Investor**”) and as such has control or direction over additional Subordinate Voting Shares beneficially owned by CJS and Carolyn. Chodry is the Chief Investment Officer for Distressed Credit Strategies of the Manager and beneficially owns his Subordinate Voting Shares personally.

The address of the Investor is:

c/o Scoggin Management LP  
660 Madison Avenue, 20th Floor  
New York, NY 10065  
USA

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

The Qualifying Transaction occurred on May 24, 2019. The Qualifying Transaction, when taken together with acquisitions of Class A Shares, Rights and Warrants by the Investor since the date of the last report (the “**Market Acquisitions**”), resulted in an increase in the Investor’s holdings and deemed holdings of the securities of the Issuer by more than 2% since the date of the last report.

The Market Acquisitions took place through the NEO or through the facilities of U.S. over-the-counter market.

The Qualifying Transaction involved the acquisition by the Issuer of certain cannabis companies operating in the United States.

**2.3 State the names of any joint actors.**

Scoggin Management LP is the investment manager of the Fund and has direction or control over the Subordinate Voting Shares, Rights and Warrants of the Issuer beneficially owned by the Fund. Scoggin GP LLC controls and is the general partner of Scoggin Management LP and as a result also has direction or control over the Subordinate Voting Shares, Rights and Warrants of the Issuer beneficially owned by the Fund. Each of Effron and Schenker has control or direction over the Manager and as a result also has direction or control over the Subordinate Voting Shares, Rights and Warrants beneficially owned by the Fund. As the general partner of each of CJS and Carolyn, Schenker has control or direction over both CJS and Carolyn and the Subordinate Voting Shares, Rights and Warrants beneficially owned by those entities. Neither Effron or Schenker has control or direction over, or beneficial ownership of, any Subordinate Voting Shares, Rights and Warrants that are beneficially owned by or are under the control or direction of the other,

except with respect to the Subordinate Voting Shares, Rights and Warrants that are beneficially owned by the Fund.

Chodry beneficially owns and has control and direction over his Subordinate Voting Shares, Rights and Warrants but does not have control or direction over, or beneficial ownership of, any of the Subordinate Voting Shares, Rights and Warrants that are beneficially owned by or are under the control or direction of Effron, Schenker or the Fund.

The Additional Holders beneficially own and have control and direction over their respective Subordinate Voting Shares, Rights and Warrants but do not have control or direction over, or beneficial ownership of, any of the Subordinate Voting Shares, Rights and Warrants that are beneficially owned by or are under the control or direction of Effron, Schenker or the Fund. The Additional Holders are employees of the Manager and may be viewed as acting jointly or in concert with the Manager.

### **Item 3 – Interest in Securities of the Reporting Issuer**

#### **3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.**

##### *The Fund's Interests*

Between the date of the last report and the date of the Qualifying Transaction, the Fund is reporting a decrease in beneficial ownership of 205,000 Class A Shares (hereafter referred to as Subordinate Voting Shares), which when subtracted from the Fund's previous total holdings of 1,650,000 Subordinate Voting Shares, represents a net decrease of approximately 1.52% in the Fund's securityholding percentage and results in a total securityholding percentage of approximately 10.72% of the 13,474,000 Subordinate Voting Shares issued and outstanding prior to the Qualifying Transaction.

Pursuant to the conversion of Rights in connection with the Qualifying Transaction, the Fund is reporting an increase in beneficial ownership of 195,180 Subordinate Voting Shares underlying the Rights, which when added to the Fund's actual holdings of 1,445,000 Subordinate Voting Shares, represents a net decrease of approximately 0.24% in the Fund's securityholding percentage and results in a total securityholding percentage of approximately 12.00% of the 13,669,180 Subordinate Voting Shares issued and outstanding as of the date of this report.

Five days following the Qualifying Transaction, the Fund will be deemed to acquire beneficial ownership of and control or direction over an additional 960,500 Subordinate Voting Shares, representing a net increase of approximately 5.54% in the Fund's securityholding percentage, resulting in a total securityholding percentage of approximately 17.78% of the 14,629,680 Subordinate Voting Shares issued and outstanding as of the date of this report.

### *Effron's Interests*

As at the last report, Effron held beneficial ownership of, and control or direction over 254,350 Subordinate Voting Shares personally and control or direction over the 1,650,000 Subordinate Voting Shares beneficially owned by the Fund, in aggregate representing approximately 14.13% of the 13,475,000 Subordinate Voting Shares of the Issuer issued and outstanding at the time of the last report. Between the date of the last report and the date of the Qualifying Transaction, Effron is reporting a decrease in beneficial ownership of 4,350 Subordinate Voting Shares personally and a decrease in beneficial ownership of, and control or direction over, 205,000 Subordinate Voting Shares, resulting in a net decrease of approximately 1.55% in Effron's securityholding percentage since the date of the last report. As a result, Effron is the beneficial owner of or holds control or direction over 1,695,000 Subordinate Voting Shares representing approximately 12.58% of the 13,474,000 Subordinate Voting Shares that are issued and outstanding immediately prior to the Qualifying Transaction.

Pursuant to the conversion of Rights in connection with the Qualifying Transaction, Effron will be deemed to have acquired beneficial ownership of and control or direction over an additional 215,180 Subordinate Voting Shares, personally, representing a net decrease of approximately 0.18% in Effron's securityholding percentage and 13.95% of the 13,689,180 Subordinate Voting Shares issued and outstanding as of the date of this report.

Five days following the Qualifying Transaction, Effron will be deemed to acquire beneficial ownership of and control or direction over an additional 1,185,600 Subordinate Voting Shares, representing a net increase of approximately 6.68% in Effron's securityholding percentage, resulting in a total securityholding percentage of approximately 20.81% of the 14,874,780 Subordinate Voting Shares issued and outstanding as of the date of this report.

### *Schenker's Interests*

As at the last report, Schenker held beneficial ownership of, and control or direction over, 200,000 Subordinate Voting Shares personally. Schenker also held control or direction over the 54,350 Subordinate Voting Shares beneficially owned by Carolyn, 50,000 Subordinate Voting Shares beneficially owned by CJS and the 1,650,000 Subordinate Voting Shares beneficially owned by the Fund. In aggregate, Schenker held beneficial ownership of and/or control and direction over approximately 14.50% of the 13,475,000 Subordinate Voting Shares of the Issuer issued and outstanding. Between the date of the last report and the date of the Qualifying Transaction, Schenker is reporting a decrease in beneficial ownership of 15,500 Subordinate Voting Shares personally, and gained control and direction over an additional 7,500 Subordinate Voting Shares acquired by Carolyn, and an additional 12,500 Subordinate Voting Shares acquired by CJS. Schenker is reporting a decrease in beneficial ownership of 205,000 Subordinate Voting Shares of the Fund, representing a net decrease of approximately 1.48% in Schenker's securityholding percentage since the date of the last report. As a result, Schenker is the beneficial owner of and/or control or direction over 1,753,850 Subordinate Voting Shares representing approximately 13.02% of the 13,474,000 Subordinate Voting Shares of the Issuer that are issued and outstanding immediately prior to the Qualifying Transaction.

Pursuant to the conversion of Rights in connection with the Qualifying Transaction, Schenker will be deemed to have acquired beneficial ownership of and control or direction over an additional 215,090 Subordinate Voting Shares, personally, representing a net decrease of approximately 0.12% in Schenker's securityholding percentage, and approximately 14.38% of the 13,689,090 Subordinate Voting Shares of the Issuer issued and outstanding as of the date of this report.

Five days following the Qualifying Transaction, Schenker will be deemed to acquire beneficial ownership of and control or direction over an additional 1,158,700 Subordinate Voting Shares, representing a net increase of approximately 6.56% in Schenker's securityholding percentage, resulting in a total securityholding percentage of approximately 21.06% of the 14,847,790 Subordinate Voting Shares of the Issuer issued and outstanding as of the date of this report.

#### *Chodry's Interests*

Chodry held beneficial ownership of or control or direction over 15,000 Subordinate Voting Shares as at the date of the last report. Chodry acquired beneficial ownership of and control and direction over 30,000 Subordinate Voting Shares, representing a net increase of approximately 0.22% in his securityholding percentage and a total securityholding percentage of approximately 0.33% of the 13,474,000 Subordinate Voting Shares of the Issuer issued and outstanding as of the date of this report. Chodry did not acquire any additional Subordinate Voting Shares upon the completion of the Qualifying Transaction.

#### *Total Interests*

The total securityholding percentage of all joint actors subject to the disclosure requirements of this report with respect to the issued and outstanding Subordinate Voting Shares of the Issuer, as calculated by aggregating the beneficial ownership percentages of each of the Fund, Effron, Schenker, CJS, Carolyn, Chodry and Additional Holders, is equal to approximately 15.50%. Such joint actors together hold beneficial ownership of and control or direction over 2,088,850 of the 13,474,000 Subordinate Voting Shares of the Issuer issued and outstanding immediately prior to the date of the completion of the Qualifying Transaction.

Pursuant to the conversion of the Rights in connection with the Qualifying Transaction, the total securityholding percentage of all joint actors subject to the disclosure requirements of this report with respect to the issued and outstanding Subordinate Voting Shares of the Issuer is equal to approximately 16.95%. The joint actors together hold beneficial ownership of and control or direction over 2,323,940 of the 13,709,090 Subordinate Voting Shares of the Issuer issued and outstanding as of the date of this report.

Five days following the Qualifying Transaction, the total deemed securityholding percentage of all joint actors subject to the disclosure requirements of this report with respect to the issued and outstanding Subordinate Voting Shares of the Issuer will be equal to approximately 24.79% after giving effect to warrants to acquire additional securities that will then be exercisable within 60 days. The joint actors together will be deemed to hold

beneficial ownership of and control or direction over 3,752,740 of the of the 15,137,890 Subordinate Voting Shares.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.**

See paragraph 3.1 above.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

See paragraph 3.1 above.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

**(a) the acquiror, either alone or together with any joint actors, has ownership and control,**

As of the date of this report, Effron has or is deemed to have beneficial ownership of and control or direction over 270,000 Subordinate Voting Shares that he holds personally.

As of the date of this report, Schenker has or is deemed to have beneficial ownership of and control or direction over 204,410 Subordinate Voting Shares that he holds personally.

As of the date of this report, Chodry has or is deemed to have beneficial ownership of and control or direction over 45,000 Subordinate Voting Shares that he holds personally.

As of the date of this report, the Additional Holders have or are deemed to have beneficial ownership of and control or direction over 40,000 Subordinate Voting Shares.

**(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

As of the date of this report, the Fund has or is deemed to have beneficial ownership of 1,640,180 Subordinate Voting Shares but control or direction is held by the Manager, Effron and Schenker.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

As of the date of this report, Effron and Schenker hold shared control or direction over the 1,640,180 Subordinate Voting Shares beneficially owned, or deemed to be beneficially owned by the Fund and Schenker holds control or direction over the 62,500 Subordinate Voting Shares beneficially owned or deemed to be beneficially owned by CJS and the 61,850 Subordinate Voting Shares beneficially owned or deemed to be beneficially owned by Carolyn.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

#### **Item 4 – Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

Not applicable.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable.

**4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

**Item 5 – Purpose of the Transaction**

**State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer.**

**Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:**

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

As of the date of this report, none of Effron, Schenker, the Manager or the Fund, or any of the other parties referred to in Item 2.3, have any specific current plan or future intention to participate in a transaction which would relate to or result in the



occurrence of item (a) of Item 5 above, but may or may not purchase or sell securities of the Issuer in the future on the open market or in private transactions in the ordinary course, depending on market conditions and other factors material to their investment decisions.

As of the date of this report, none of Effron, Schenker, the Manager or the Fund, or any of the other parties referred to in Item 2.3, have any specific current plan or future intention to participate in a transaction or other material change which would relate to or result in the occurrence of any of items (b) through (k) of Item 5 above, but may decide to do so in the event that a firm proposal for a transaction or other material change is advanced by the Issuer, or any other party, on terms satisfactory to them.

#### **Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

Not applicable.

#### **Item 7 – Change in material fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not applicable.

#### **Item 8 – Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

#### **Item 9 – Certification**

The undersigned, on behalf of the Acquiror, certifies that to the best of its knowledge, information and belief, that the statements made in this report are true and complete in every respect.

**DATED** this 29<sup>th</sup> day of May, 2019.

**SCOGGIN MANAGEMENT LP,  
by its General Partner Scoggin GP LLC**

By: *(s) Craig Effron*

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Name: Craig Effron

Title: Managing Member of Scoggin GP  
LLC

**SCOGGIN INTERNATIONAL FUND LTD.  
by its Manager, Scoggin Management LP,  
by its General Partner Scoggin GP LLC**

By: *(s) Craig Effron*

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Name: Craig Effron

Title: Managing Member of Scoggin GP  
LLC

**CJS PARTNERS LP**

By: *(s) Curtis Schenker*

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Name: Curtis Schenker

Title: General Partner

**CAROLYN PARTNERS LP**

By: *(s) Curtis Schenker*

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Name: Curtis Schenker

Title: General Partner

*(s) Craig Effron*

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**CRAIG EFFRON**

*(s) Curtis Schenker*

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**CURTIS SCHENKER**

*(s) Dev Chodry*

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**DEV CHODRY**